THE EFFECT OF PRODUCT INNOVATION, ENDORSEMENTS AND REPUTATION RELATION WITH BRAND IMAGE AND BRAND AWARENESS TOWARD AFFIRMATIVE OF PURCHASE DECISION

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Abstract

The purpose of this paper is to understand the effect of product innovation, endorsements and brand image related to brand awareness and reputation for affirmative purchasing decisions on Solo Medicinal Products Fountain. Data were collected using random sampling. Sample size is 200, and 165 questionnaires were returned. The results showed that product innovation and reputation and a significant positive effect on brand image, reputation and endorsement and significant positive effect on brand awareness, brand image and brand awareness positively effect to purchase intentions, purchase intentions positive and significant effect on the stability of the purchasing decision.

Findings: The updates of this research are the research model in terms of purchase intention is then forwarded to the stability variable purchase decision. Usually during this study only stop on purchase intentions on steadiness or stop buying decision but did not begin with the intention of buying. Though stability begins with the decision to buy should purchase intention.

Keywords: Endorsements, Reputation, Product innovation, Brand image, Brand awareness

Abstrak

Tujuan dari makalah ini adalah untuk mengetahui pengaruh inovasi produk, dukungan dan brand image yang terkait dengan brand awareness dan reputasi keputusan pembelian secara afirmatif pada Air Products Products Medicinal. Data dikumpulkan dengan menggunakan random sampling. Ukuran sampel adalah 200, dan 165 kuesioner dikembalikan. Hasil penelitian menunjukkan bahwa inovasi dan reputasi produk dan efek positif yang signifikan terhadap citra merek, reputasi dan dukungan dan pengaruh positif yang signifikan terhadap brand awareness, brand image dan brand awareness berpengaruh positif terhadap niat beli, niat pembelian berpengaruh positif dan signifikan terhadap stabilitas keputusan pembelian.

Temuan: Pembaharuan penelitian ini adalah model penelitian dalam hal niat pembelian kemudian diteruskan ke variabel stabilitas keputusan pembelian. Biasanya selama penelitian ini hanya berhenti pada niat beli pada kemantapan atau berhenti membeli keputusan namun tidak dimulai dengan niat membeli. Padahal kestabilan dimulai dengan keputusan membeli harus membeli niat.

Kata kunci: Dukungan, Reputasi, Inovasi produk, Brand image, Brand awareness

JEL Classification: M31

1. Research Background

Now days, we sometimes see a high official of the State acting as advertiser and promoting certain product on television, such as Dahlan Iskan (Minister of State-Owned Enterprises) and Mahfud MD (Chairman of the Constitutional Court. State officials are usually promoting products where the product involves serving the public, in this case farmers. Examples of products that are promoted as a traditional herbal medicine are Solo Air Mancur or Tolak Angin Sido Muncul Herbal.

The number of media available today such as television, radio, newspapers, and magazines can be used by companies to promote their products. The number of available alternative is a good opportunity for companies to choose the medium that is the best and most suitable to promote their products. Suitable means that it can be achieved by the targeted audience of the company, so the company can achieve its goal of going for customer satisfaction, consumers-purchase, and the company earned profit.

We see and watch the role or support of the artist in the advertising in a variety of electronic media such as television, radio, newspapers and various other media. It appears that the role of the artist or famous person (State officials) that are positioning themselves as promoting for certain products, for example Marsuki Ali promoting the original product in the country, Dahlan Iskan promoting herbal products is important.

Sometimes we hear and see on television that experienced mass poisoning society, due to depleted statute Bared food which actually should not happen if everything is fair and vigilant. In fact, there are less ethics in ads, such as not display expired dates even printing it, but it is hard to read, the content of which is not in accordance with product composition listed in the label. If this is allowed, the things we do not want will happen together.

Shopping patterns of the upper middle-class shoppers tend to changed. This means shopping centers has to provide a lot of recreation and entertainment venues. Place of kids to play and entertainment venues usually located in the upper floor. It is done to attract customers to visit.

1.1 Literature Review
1.1.1 Endorsements, Reputation and Brand Image

Endorsement is support for the product in the market. Support for these products can be categorized as advertising, promotional and other deliveries of the product delivered by the various parties involved in the marketing of these products. Linkage ads delivered persuade marketers to science fact not at all new. The Science of management has been used in marketing and mass communication. The use of this knowledge is to persuade consumers to buy or make a purchase, try and re-buy. The difference with the science that is developed marketers cannot let alone threats to use force. Marketers use the so-called source credibility means that others follow our words, buy what's on offer, follow our ideas, we should have high credibility.

Endorsements often also called direct source that the speaker is delivering a message or demonstrating a product or service (Belch, 2004:168). Endorser is also interpreted as a person who was elected to represent the image of a product (product image), usually people who elected endorser came and society leaders who have prominent character and strong appeal (Hardiman, 2006:38). Then the expertise of celebrity the brand must be relevant to the advertised product. In selecting celebrity who became endorser consideration is required, consideration of advertising as an effective sting character recognized endorser in lifting the image of the product and brand awareness (Royan, 2005:23).

In evaluating the celebrities that will be used as an endorser Amy Dyson and Douglas Turco (1994:51) promoted the concept of FRED (Familiarity, Relevance, Esteem and Differentiation). Familiarity is an important first component of the celebrity means the target audience should be familiar with the figure of the artist and sees it as being sincere, pleasant and trustworthy. Relevant means that there is a meaningful relationship between the advertised brand image and celebrity, everywhere between celebrities with the target market. Advertising often match the product image, target market characteristics and personality of the celebrity endorser, Esteem means that there is a high confidence of consumers to celebrity. Differentiation means that consumers see endorser as a unique person, different and exclusive on its products. This is a major contribution to effectiveness of an endorser.

Endorsement artist is personal (movie stars, entertainers, or outlet) is known by the community for his ability in certain areas that can support the product being advertised. Celebrities have the power to stop (stopping power). They can draw attention to the advertising message in the middle of many other advertising (Belch, 2004:12). Celebrity can be used as a quick tool to represent the targeted market segments.

Artist can be said to be effective if the artist endorser can affect people who idolized him and wanted to emulate the artist's own image as after to look its (endorser). Using the artist as an endorser by utilizing image is an artist's that commonly performed by a company. Some studies say that there is a positive relationship between endorser celebrities to consumer behavior on a particular brand (Till, Busler, 2000), brand will get benefit from the endorser when the consumer has a relationship with the artist endorser, this will make the endorser to be effective (Kamins, 1989).

Most of the research on the effectiveness of celebrity endorsement is using three basic models, namely attractiveness, expertise and credibility. Effectiveness of the message which are attractiveness, expertise, and credibility of celebrities who owned endorser (artist) influencing on effectiveness. As it is already explained that the performance artist with a qualified as professional in their field, such as Agnes Monica, Cristiano Ronaldo and others are able to represent clear shampoo brand.

Endorsement variables among the various endorsements, famous artist is making use of well-known artists and artist endorsements-effective relative (Ohanian, 1990). Endorsement variables include: the tank, credibility and expertise. Appeal are the elements contained within a number of characteristics that include celebrities and celebrities can be seen inside of a celebrity audience, such as physical attractiveness, intelligence, personality traits and the celebrity lifestyle. Attractiveness is a trait possessed by a person that can give rise to an interest in him (Noviandra, 2006). Credibility is a vote of confidence in convincing consumers about the product being promoted. Credibility refers to the tendency to believe someone informs about the sources such as advertising support and can be trusted by consumers. Expertise (Mahony, Noviandra 2006:68) defines skill is the ability of the source of advertising, which in this case celebrities as commercials to make valid statements about the characteristics of the product being advertised.

1.1.2 Reputation

Reputation here in the context of online shopping on the Internet Shopping on the internet is a new from consumer behavior, as this shopping behavior on the Internet is still relatively new media. In the context of online retail trading, experience plays an important role in determining the success of shopping through online. Thus, the company's reputation is very important to be considered, to reduce the risks that may occur. If all goes well and really mean when the company has a good reputation, then consumers would prefer to buy via online (Khotaetal, 2001).

Traditional shopping places can build a reputation through explore in media, customer word of mouth, and branding, the internet show can have used to build a reputation. Moreover, the company is now common place to use these social networks like Facebook, twitter, as a comparison for shopping. In this way, the consumer would benefit not only information about products and prices, but also can to know company rating online. As for the points that will be the question in this study: This is a network for a large company, so everyone knows; networks are well-known; this network has a good reputation.

1.1.3 Brand Image

Brand or brands are the difference between products with another product. Brand is one of the most important factors in the marketing strategy. For manufacturers, brand selection is very important and artist and paying attention towards the brand (Maulana, 1999). Brand level (Gary Hamel, 2000:480) namely recognition, reputation, affinity, domain. Recognition is a

familiar level brand by consumers. If a brand is not known, then the product with the brand must be sold by relying on a cheap price. Reputation is a level or a high enough status to a brand because it is proven to have a good track record. Affinity is an emotional relationship that arises between a brand and its customers, a product with a brand favored by consumers will be easier to sell and a product with a high perception of quality will have a good reputation. Domain is regarding how wide scope of a product that would make use of the brand in question.

A product can be differentiated from other products in terms of brands (Brand). Brands can be used as a tool for creating a certain view of the buyer either through advertising and promotion done. Brand terms or brand has abroad definition and can be identified as follows: Brand is a term, sign, symbol, design or a combination of all that is expected to identify the goods or of a person or group of sellers and are expected to distinguish goods or services of a competitor's products (Kotler, 1993:75).

In order for a brand to reflect the meanings to be conveyed then there are several requirements that must be considered are:
a) The brand must be distinctive or unique
b) The brand should describe something about the benefits of the product and the wearer
c) The brand should describe the quality of the product
d) The brand easy to say, easy to recognize, and easy to remember
e) The brand should not contain any bad sense be heard in other languages
f) Must be able to adjust (adaptable) with a new product that may
   added to the product line

1.1.4 Understanding Image

In today's business world, the image of a company is a very important thing, because it indirectly influences the size of the image of the public interest in the use of products/services produced by the company. Some notions of the image (image) are:
a) The image is the public perception of the company or its products are influenced by many factors outside the company
b) The Image (Acker, 2000:60) is the overall message is thinking and who are known by a person or group of people on a matter
c) The image (Sutisna, 2001:83) is the total perception of an object, which is formed by processing information from various sources every time
d) The Image according to the American Marketing Association is: the customer perception of a product with reality or activity. Consumer perceptions of the company's products, brands, businesses and individuals to see whether there is compliance with reality well with reality. In other words, the image is the image or concept of something. Thus, the image is there, but not real or cannot be described physically, because the image exists only in the mind

Brand Image is the customer's perception of a brand is portrayed through brand associations that exist in customer retention, according to (Keller 1993:3) Brand image is perceptions about a brand as reflected by the brand association held in memory consumer. "Brand Image (Armstrong, 2001:225) is a set of brand image in consumer confidence about a particular brand. Hussain Umar (2000:44) defines that brand image consists of the knowledge and belief of the nature of the brand, the consequences of the use of the brand, and utilization the right, in addition to evaluation, feelings and emotions in relation to a brand.

Presented the overall brand image, brand perception, and processing of information are formed from the brand's past. Consumers will make a purchase of a product if it has a positive image or perception towards the brand. Therefore, the main purpose of such ads is to build a positive image of the brand.

Based on the above concepts can be formulated that brand image is the consumer understanding of the brand as a whole, consumer confidence in the brand and how customers view or have a certain perception of a brand. Brand Image has three components of the product

characteristics of a brand recognized by consumers, the benefits received by consumers of a product in consumer confidence about the product quality of a product.

Positive image that will make consumers prefer a product with the brand in question in the future, while the producers a good brand image will hamper the marketing activities of competitors. The experts also said the image of the brand is how people interpret the signs that conveyed by the brand through its products and the implementation of the communication, or in other words, the image is a reputation, whereas brand identity is inspirational, how the brand will be accepted in the minds of consumers. In order to form appropriate brand image or brand identity is expected to approach the company, the company as a manufacturer must be able to understand and to exploitation the elements that make a brand a brand that has a good image. Ultimately a brand is said to have a strong equity if it can win the loyalty of its customers. Thus, the hypothesis is as follows:

HI: There is a positive and significant impact on brand image among endorsement.

H2: There is a positive and significant impact on the reputation of the brand image

1.1.5 Product Innovation, brand awareness

Variable effect on the novelty usually reveals similar situations in the purchase decision process. In the purchase decision of a product, especially an expensive product and purchased the first time, there are numbers of individuals who have high levels of variation and different experience in buying situations. Lacked experience, led the purchase is made for new products, including the purchase of the theory of industry where there is uncertainty, people will look for more information in order to reduce something uncertain, thereby increasing their influence and participation.

1.1.6 Brand Awareness

Aware of the existence of a corporate brand by consumers is very meaningful for the company as the owner of the brand. This is will increase the likelihood of consumers to purchase intention and then buy it. With the introduction of a corporate brand by consumers, is likely to be one of the alternative / options under consideration for purchase. Brands are that already has a name in the eyes of consumers will be easy to influence consumers to make purchases. Consumers typically buy a product that already has a name and is well known by consumers.

Brand awareness According to Keller, (1993) can be enhanced through the brand of a product introduced repeatedly. On the other hand, to achieve brand awareness for consumers, there are two things to note are increasing brand identity and then associated with a product group. Advertising and celebrity endorsements are tools that can be used to increase brand awareness. Research conducted by Mackay, M, M, 2001, found that awareness of the existence of a brand, advertising is an important attribute that affects brand awareness. Today's consumer is very critical of the ad that aired in the media, given the increasing competition and more options of products, this can delight customers.

1.1.7 Behavioral Theory

Behavioral theory introduced by Ajzen, (1991). Attention to the behavior is determined by the attitude of consumers towards the purchase or use of the brand and normative values or subjective norms (Fishbein, 1975). Attitude toward the behavior is defined as the positive or negative feelings about the shape of the target person's behavior. Subjective norms lead to the perception of someone who is important to them.

1.1.8 Buying Decision

Decision-making approach processes specifically illustrates why consumers behave in certain ways. In a simple consumer behavior can be influenced by two factors into two external factors (cultural, social classes, social groups, and reference groups), factor of the (motivation, attitude, learning process). Purchasing is a process. Purchasing activities there were only one phase of the overall purchase process.

a. Known as specific problem

Purchasing starts with the problem perceived by consumers. Alternatively known the existence of a problem, it can be a case where the problem exists and is felt. Known of the problem is the result of something a number of inputs. Concerned individuals began be aware of that a motive is not known perfectly, and something that appears require gratification in some form. People began to realize that he had to buy a certain item would take some time to reach a new item. The marketer knows that buyer behavior is difficult to change the routine.

Someone marketers know that buyer behavior is difficult to change the routine. Someone buyers who require a certain time and a certain consideration in decision-making, provide an opportunity for more effective marketer, to carry out actions to convince the buyers, and offer him a form of product that can satisfy the needs of the buyer. Of course, it can be said that the marketers of goods with the most popular brands, delighted that their regular customers have developed a routine approach in terms of solving their problems.

b. Looking for information

Based on these problems, consumers are looking for information related to the problem that faced. Someone buyers who often buy a product, sometimes once briefly consider options other cigarette brands, before choosing a brand that they usually buy.

In cases where buyers purchase a particular product for the first time or if they implement certain purchases that carry financial consequences, social or other impacts are important, then it can easily be seen that they carry out the search for information about alternatives proposed. That the position of the buyer in a position to behave as such occurs, described by a theory known as the theory that there's always the possibility that product is not working as expected.

The amount of money that will be spent or social risks may be large, so that it causes social risks may be large, so it is known to cause that the risk is increasing.

c. Assess alternative

Evaluations tags in the buyer decision process, starting when income information has been explained or identified a number of potential solutions related consumer problems. An alternative to buy a product could be a specific product. But in most decisions, there are alternatives in the form of products that are directly competitive. There is a model that attempts to explain how the alternatives consumer decision determined which is known as concept evoked. Proficiency level models are very simple, but very logical. Until it was very clear and general so that it was accepted in the literature about marketing. The basic idea is that the model in their lives, people develop lists of what they would do if certain problems occur. When we experience feelings of hunger stimulus, then we have to eat.

d. Purchasing Decisions

Sooner or later the prospective buyer in question must take something a purchase decision. Such decisions may include: not choosing one alternative available. But in most cases, problems that stimulate the person concerned to begin the process of decision on us. Decision (Sugiyarto, 2013) can also buy be immediately purchased, delay purchase or think about it. Thus, the hypothesis is as follows:

H3: There is the influence of positive and significant correlation between the reputations of the brand awareness

H4: There is a positive and significant effect between product innovations to brand awareness

H5: There is a positive and significant effect between brand images with steadiness purchasing intention

H6: There is a positive and significant effect between purchasing intentions with affirmative of purchasing decision
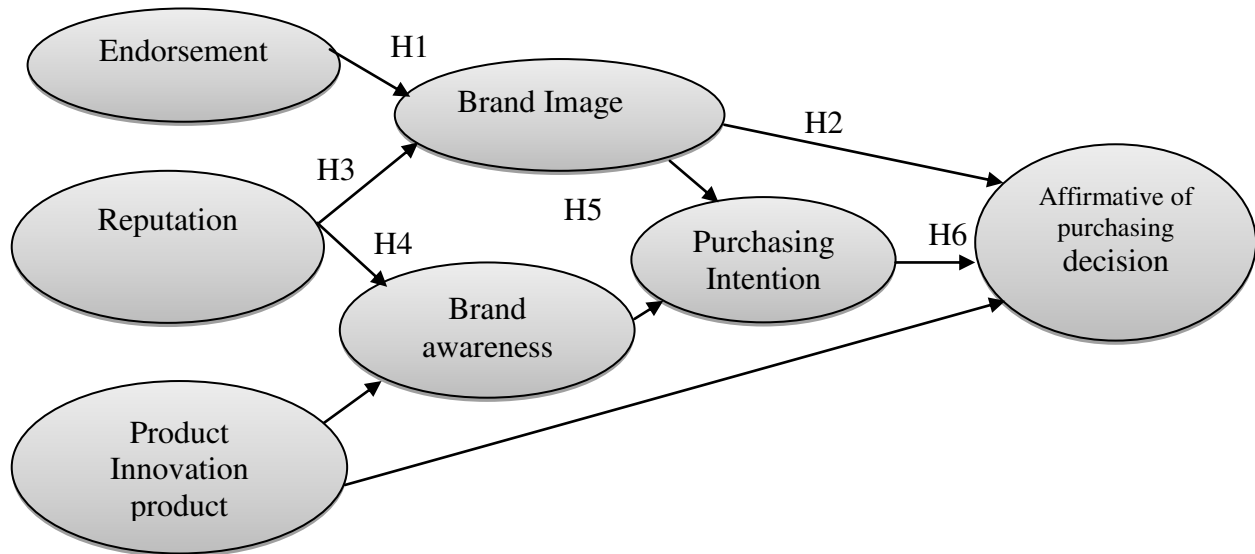
Figure 1. Forecasting Model Using AMOS

2. Research Methods

The unit of analysis in this study is used as an individual. The subjects in this study were herbal of Solo Air Mancur products. Chosen as samples in this study were 200 people who consume the Herbal of Solo Air Mancur products. Data were collected using questionnaires. Questionnaires were given to consumers who consume Air Mancur Solo herbal products. To reduce the risk of not returning the questionnaire, the researchers also call (confirmation) respondents who filled in a questionnaire, and if possible face to face with the respondent. Based on experience, filling the questionnaire by face to face would be better. Data was collected using Judgmental sampling. To circulate the questionnaire, in terms of data collection, we involve the students who are still active and are taking college courses art of selling. This is done to minimize the questionnaires are not returned. Each student was given 20 pieces to get circulated questionnaires. Questionnaire was divided into three sections as shown inappendix1, including the affirmative decision of purchasing, brand image, brand awareness, innovation, repute, endorsement.

The items used to measure the affirmative of purchasing decision were taken from Chan Yin Yin Fan, (2011). Then the grains are used to measure brand image taken from Behrman and Perreault, (1982). To measure brand awareness taken from Firoozeh Fouladivanda, *et al.,* (2013) to measure the innovation grains taken from, to measure reputation, taken from Ji young Kim, (2010), and to measure the endorsement taken from Hsin Hsin Chang and Ya Ming Liu, (2011).

Respondents were given a number of agreements were then asked to choose one of the existing answer by circling the number. Scale measurements using a ten-point Likert scale of 10 points, from 1 = strongly disagree to 10 = strongly agree.

2.1 Estimation Model

Equation models stratified as shown in Figure 1. Forecasting Model Using AMOS is suggested because the sample used is large enough that196 respondent.

3. Research and Discussion

Structural equation modeling (SEM) using the maximum livelihood method was to test the hypotheses. SEM estimate multiple and interrelated dependence relationships. Thus, is an ideal technique to test the hypotheses given the complex relationship among the constructs. The overall fit of the model was acceptable (Chi-Square = 62,858, prob = 0,032, GFI = 0,950, AGFI = 0,911, TLI = TLI = 0,957, RMSEA = 0,047) indicating good fit.
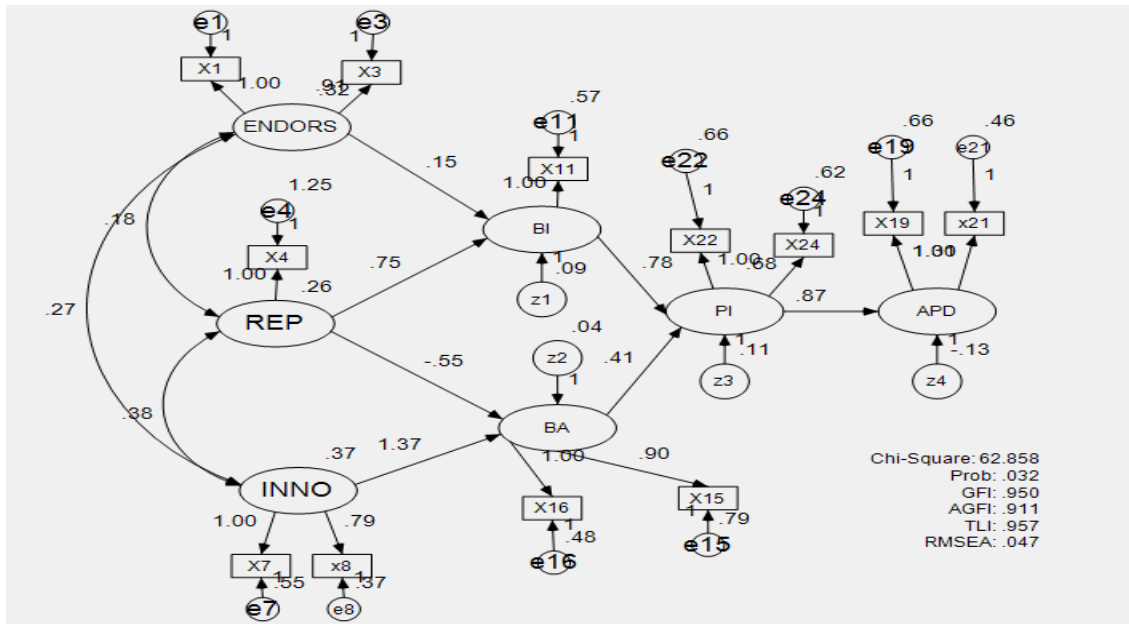
Figure 2. Hypothesis Structural Model (Standardized)

Endorser has a positive but not significant effect on brand image with a coefficient of 0.149, with p = 0.491 and does not support H1. This indicates that the endorsement has not been able to influence the consumer to the fullest. Reputation has a significant positive effect on brand image with a coefficient of 0.749, with p = 0.001 and supports H2. This indicates that reputation can influence consumers to the fullest.

Innovation has a positive and significant impact on brand awareness with a coefficient of 1.1367, with p = 0.029 and supports H3. This indicates that if the innovation of products capable of influencing consumers to the fullest. The more often companies conduct meaningful innovations to further improve consumer awareness of the innovations made by the company. The company's reputation has a negative and insignificant effect on brand awareness with a coefficient of -0.547, with p = 0.477 and did not support H4. This indicates that the reputation of the company has been unable to raise consumer awareness to the fullest.

Brand awareness has a positive but not significant effect on consumer purchase intentions with a coefficient of 0.414, with p = 0.146 and did not support H5. This indicates that the company has been unable to maximum consumer awareness about the products on offer. Brand image has a positive and significant influence on consumer purchase intentions with a coefficient of 0.777, with p = 0.007 and supports H6. This indicates that the better the brand image of the product, the more consumers increase consumer purchase intention.

Purchasing Intention has a positive and significant effect on the stability of consumer purchasing decisions with coefficient of 0.871, with p - 6.000 and does not support H7. This indicates that increasing the consumer purchase intention to further improve the stability of the consumer to make a purchase decision.

4. Conclusion

Ad star with the using famous people like Dahlan Iskan as the State-Owned Enterprises minister, not too influential made to the image brand on The Air Mancur Herbal. It turns out image brand of influenced by Reputation Company's. Company should keep in Innovation perform, because through innovation can increase consumer awareness top of Air Mancur product.

Consumer purchase intention rely to the image of the product Fountains. So, the higher the consumer image of the Fountain products, the increasing interest in the purchase anyway.

The stability of consumer purchasing decisions are influenced by interest in purchasing. The higher the consumer interest on the Air Mancur product more stable purchase decision.

4.1 Limitations of Research

The amount that used is Limited, that is a number of specific groups, so it's hard to generalize. Therefore, researchers suggest that future studies sample size to be enlarged, so it is not just consumers who are in Yogyakarta, but also outside the Yogyakarta city.

This research is cross section; if you want good results suggested that more longitudinal research. This is caused by a consumer to decide to purchase usually begins with buying interest, especially for products that cost a fortune and bought the first time.

4.2 Managerial Implications

Companies should always maintain and improve the reputation and image of Air Mancur products; because this is a more influential factor than on other variables such as variable endorsement or at least the reputation and image that has been achieved so far should get more serious attention.

4.3 Research Updates

The updates of this research are the research model in terms of purchase intention is then forwarded to the stability variable purchase decision. Usually during this study only stop on purchase intentions on steadiness or stop buying decision but did not begin with the intention of buying. Though stability begins with the decision to buy should purchase intention.

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Appendix

Appendix 1: Survey Instruments

Please indicate your assessment by circling the number in the appropriate column based on the following scales:

A. Endorsement

1. I consume Air Mancur herbal because the commercials on television

    strongly disagree   strongly agree.

1	2	3	4	5	6	7	8	9	10

    Which part of the advertising that may encourage you to consume products Fountain?

    …………………………………………………………………………………………

    …………………………………………………………………………………………

2. I consume Air Mancur herbal because of its advertising (like Mahpud MD, Dahlan Iskan)

    strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

    From which side you see the commercials that deserve to be a role model?

    …………………………………………………………………………………………

    …………………………………………………………………………………………

3. I consume Air Mancur herbal because the allure of ads served In which parts of the ad that can captivate your heart?

    strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

B. Reputation

1. Air Mancur company is a large company, so everyone knew

    strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

    How do you know that Air Mancur is a great company?

    …………………………………………………………………………………………

    …………………………………………………………………………………………

2. Difficult to estimate the quality of this products / services Air Mancur company is

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

What is the trouble you to know the quality of the Air Mancur product?

………………………………………………………………………………………

………………………………………………………………………………………

3. I do not believe that my personal information, will be able to keep things private

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

That like what personal things that are able to be maintained by Air Mancur?

………………………………………………………………………………………

………………………………………………………………………………………

C. Product innovation

1. Renewal level (from table products form into liquid) owned by Air Mancur products assured

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Which part of the new product that you like?

………………………………………………………………………………………

………………………………………………………………………………………

2. Many previous information held by consumers about product Fountains?

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

What information do you have about the Air Mancur product?

………………………………………………………………………………………

………………………………………………………………………………………

3. Level of previous experience in the purchase of Air Mancur consumer products

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

What experiences have you had before consuming products fountains?

………………………………………………………………………………………

………………………………………………………………………………………

4. Frequency consumers in Air Mancur consuming products?

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

How often do you consume products Fountains?

………………………………………………………………………………………

…………………………………………………………………………………………………

D. Brand Image

1. Consumers Air Mancur product are of the special

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

How special?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

2. Consuming Air Mancur products are up lifting(energetic)

strongly   disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

How do you feel exactly?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

3. Smart people are consuming Air Mancur products

Strongly   disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

How do you know that Air Mancur is the product for smart people?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

E. Brand Awareness (Hsin Hsin Chang and Ya Ming Liu

1. Are you a conscious (know) that the product of the Air Mancur is there?

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Where do you know the whereabouts of the Air Mancur products?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

2. Are you able to quickly recall the symbol or Air Mancur logo?

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Which part of the Air Mancur logo is easy to remember?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

3. I find it difficult in my mind to the imagination Air Mancur product?

strongly disagree   strongly agree

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Which part of the Air Mancur products that are difficult to imagination?

…………………………………………………………………………………………

…………………………………………………………………………………………

F. Purchase intentions

1. I had a notion that Air Mancur products is more superior than the other brands of the Air Mancur

strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

Where the product is superior when compared to other similar products?

…………………………………………………………………………………………

………………………………………………………………………………………….

2. I prefer (more choosing and consuming) Air Mancur products

strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

You choose to consume Air Mancur products, Explain why?

…………………………………………………………………………………………

………………………………………………………………………………………

3. When purchasing consideration the product, consider first the product is Air Mancur.

strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

What are the considerations you choose the Air Mancur products?

…………………………………………………………………………………………

………………………………………………………………………………………

4. I would buy the Air Mancur product

strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

Consideration of what to do before buying a Air Mancur product?

…………………………………………………………………………………………

………………………………………………………………………………………..

G. Affirmative of Purchasing Decision

1. I buy products because of Air Mancur ads is funny?

strongly disagree   strongly agree

1	2	3	4	5	6	7	8	9	10

Which part of the ad that shows is funny?

…………………………………………………………………………………………

………………………………………………………………………………………..

2. I buy products because of Air Mancur ads is a romantic?

strongly disagree   strongly agree

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Which part of the advertisement containing the romantic element?

……………………………………………………………………………………………

…………………………………………………………………………………………

3. I buy products because of ads fountains to entertain?

strongly disagree   strongly agree

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

On which part of the ad contains elements of entertaining?

……………………………………………………………………………………………

…………………………………………………………………………………………

4. I bought an Air Mancur product because the ad can evoke a sense of love for the product in the country?

strongly disagree   strongly agree

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Which part of the ad? What is the reason? Explain!

……………………………………………………………………………………………

…………………………………………………………………………………………

5. I bought the product because the ad evokes Fountain confidence?

strongly disagree   strongly agree

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Regression Weights: (Group number 1 - Default model)

			Es1timate	S.E.	C.R.	P	Label
BI	<---	ENDORS	0.149	0.216	0.688	0.491	par_1
BI	<---	REP	0.749	0.191	3.919	***	par_2
BA	<---	INNO	1.367	0.627	2.181	0.029	par_3
BA	<---	REP	-0.547	0.769	-0.711	0.477	par_4
PI	<---	BA	0.414	0.284	1.454	0.146	par_5
PI	<---	BI	0.777	0.290	2.679	0.007	par_13
APD	<---	PI	0.871	0.119	7.323	***	par_6
X1	<---	ENDORS	1.000				
X3	<---	ENDORS	0.905	0.162	5.573	***	par_10
X15	<---	BA	0.900	0.145	6.223	***	par_11
X16	<---	BA	1.000				
X19	<---	APD	1.000				

Regression Weights: *(Continued)*

			Es1timate	S.E.	C.R.	P	Label
X24	<---	PI	0.677				
X11	<---	BI	1.000				
X22	<---	PI	1.000				
X4	<---	REP	1.000	0.167			
X21	<---	APD	1.308		7.844	***	par_14
X7	<---	INNO	1.000				
X8	<---	INNO	0.790	0.112	7.074	***	par_15

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
BI	<---	ENDORS	0.158
BI	<---	REP	0.710
BA	<---	INNO	1.669
BA	<---	REP	-0.551
PI	<---	BA	0.284
PI	<---	BI	0.567
APD	<---	PI	1.20
X1	<---	ENDORS	0.781
X3	<---	ENDORS	0.556
X15	<---	BA	0.454
X16	<---	BA	0.585
X19	<---	APD	0.544
X24	<---	PI	0.532
X11	<---	BI	0.577
X22	<---	PI	0.669
X4	<---	REP	0.411
X21	<---	APD	0.714
X7	<---	INNO	0.635
X8	<---	INNO	0.621

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
ENDORS	<-->	INNO	0.275	0.048	5.787	***	par_7
ENDORS	<-->	REP	0.179	0.059	3.051	0.002	par_8
REP	<-->	INNO	0.378	0.073	5.149	***	par_9

Correlations: (Group number 1 - Default model)

			Estimate
ENDORS	<-->	INNO	0.797
ENDORS	<-->	REP	0.628
REP	<-->	INNO	1.222

Model Fit Summary
CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	34	62.858	44	0.032	1.429
Saturated model	78	0.000	0		
Independence model	12	725.174	66	0.000	10.987

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	0.042	0.950	0.911	0.536
Saturated model	0.000	1.000		
Independence model	0.282	0.433	0.330	0.366

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	0.913	0.870	0.972	0.957	0.971
Saturated model	1.000		1.000		1.000
Independence model	0.000	0.000	0.000	0.000	0.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	0.667	0.609	0.648
Saturated model	0.000	0.000	0.000
Independence model	1.000	0.000	0.000

NCP

Model	NCP	LO 90	HI 90
Default model	18.858	1.740	43.979
Saturated model	0.000	0.000	0.000
Independence model	659.174	576.308	749.485

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	0.322	0.097	0.009	0.226
Saturated model	0.000	0.000	0.000	0.000
Independence model	3.719	3.380	2.955	3.844

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	0.047	0.014	0.072	0.554
Independence model	0.226	0.212	0.241	0.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	130.858	135.716	242.314	276.314
Saturated model	156.000	167.143	411.693	489.693
Independence model	749.174	750.888	788.512	800.512

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	0.671	0.583	0.800	0.696
Saturated model	0.800	0.800	0.800	0.857
Independence model	3.842	3.417	4.305	3.851

HOELTER

Model	HOELTER 0.05	HOELTER 0.01
Default model	188	214
Independence model	24	26

E-WOM BOMB EFFECT ON SOCIAL MEDIA INFLUENCE TO BRAND: CASES IN HALAL PRODUCTS

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Abstract

The objective of this study is to analyze social media effect on brand image and purchase intention. The purpose of this study is to explore the impact of Word-of-Mouth (WOM) communication on social media negatively or positively towards the brand / product rumored as not halal. The investigation shows that about 82 percent of respondents are internet / social networking (such as Facebook or Twitter) users for over 5 years. With the extent of network and the increasing number of users of social networking (Facebook, twitter) then if WOM is used, it will result in a major impact on the brand image, brand awareness and purchasing behavior. Design / methodology / approach - To collect the data, this paper uses an online survey of social media users (Facebook and Twitter in particular). To analyze the data, this study uses Structural Equation Modeling (SEM). Findings - The research on WOM as a means of communication has been done by many researchers. The widespread use of social media results in the magnitude impact of WOM on brand, like a bomb such as the impact on the brand, good brand reputation / brand image, brand awareness which in turn will affect the purchasing behavior (attitudes, interests and action). As a Muslim-majority country, Indonesia is very concerned about halal products, so when the news spread about the products suspected to contain haram substances, the news will have an impact on the reputation and image of the brand and also have a major impact on purchase behavior. Research limitations / implications - This study provides insight into the role of WOM information on social media which is limited to users of Facebook and twitter in shaping attitudes towards the issue of the purchase of products containing haram substances. However, the specific characteristics of the truth of the WOM information in shaping perceptions that affects halal / haram products is not explored in this study. Originality / value - The results can help practitioners to determine and overcome the impact of WOM in social media and provide correct information to make marketing communications more efficient and powerful.

Keywords: Electronic word of mouth communication, Brand awareness, Brand image, Consumer behavior, Halal products

Abstrak

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh media sosial terhadap citra merek dan niat beli. Tujuan dari penelitian ini adalah untuk mengetahui dampak komunikasi Word-of-Mouth (WOM) terhadap media sosial secara negatif atau positif terhadap brand / product yang dikabarkan tidak halal. Penyelidikan menunjukkan bahwa sekitar 82 persen responden adalah pengguna internet / jejaring sosial (seperti Facebook atau Twitter) selama lebih dari 5 tahun. Dengan jangkauan jaringan dan meningkatnya jumlah pengguna jejaring sosial (Facebook, twitter) maka jika WOM digunakan, maka akan berdampak besar pada citra brand, brand awareness dan perilaku pembelian. Desain / metodologi / pendekatan - Untuk mengumpulkan data, makalah ini menggunakan survei online pengguna media sosial (khususnya Facebook dan Twitter). Untuk menganalisa data, penelitian ini menggunakan Structural Equation Modeling (SEM). Temuan - Penelitian tentang WOM sebagai alat komunikasi telah dilakukan oleh banyak peneliti. Penggunaan media sosial yang meluas menghasilkan dampak WOM yang besar terhadap merek, seperti bom seperti dampak pada merek, reputasi merek / citra merek yang baik, kesadaran merek yang pada gilirannya akan mempengaruhi perilaku pembelian (sikap, minat dan

tindakan).). Sebagai negara berpenduduk mayoritas Muslim, Indonesia sangat memperhatikan produk halal, jadi saat kabar menyebar tentang produk yang diduga mengandung zat haram, berita tersebut akan berdampak pada reputasi dan citra merek dan juga memiliki dampak besar pada produk tersebut. Perilaku pembelian Batasan / implikasi penelitian - Studi ini memberikan wawasan tentang peran informasi WOM pada media sosial yang terbatas pada pengguna Facebook dan twitter dalam membentuk sikap terhadap isu pembelian produk yang mengandung zat haram. Namun, karakteristik spesifik dari kebenaran informasi WOM dalam membentuk persepsi yang mempengaruhi produk halal / haram tidak dieksplorasi dalam penelitian ini. Orisinalitas / nilai - Hasilnya dapat membantu praktisi untuk menentukan dan mengatasi dampak WOM di media sosial dan memberikan informasi yang benar untuk membuat komunikasi pemasaran lebih efisien dan kuat.

Kata Kunci: Komunikasi mulut elektronik komunikasi, Kesadaran merek, Citra merek, Perilaku konsumen, Produk halal

JEL Classification: M31, M37

1. Research Background

Nowadays, the communication technology develops rapidly and results in very large impacts. The advancement of this technology is considered as a trigger for the immense of an era without the bulkhead. Changes and technological discoveries are always accompanied by opportunities and opportunities in the business process. All people are no longer stutter on the development of communication and information technology. It is proved by the use of Smartphone, cellular phones, tablets, PCs by people from different walk of life and almost all people from different ages and social classes are now familiar with the internet and social media based on internet connection such as Facebook, Twitter, Blackberry Messenger, Skype, Plurk, etc.

The use of internet in Indonesia is growing as rapidly as in other countries. The results of Ipsos survey during February 2012 indicated that Indonesia is the country with the most active Internet users especially on social media. The data (Marketing No.12/XI/December 2011) showed that 90% of digital consumers in Indonesia have an active profile on Facebook indicating Indonesia as the second highest country of Facebook users after the U.S. in the global level.

At first, most people use the Internet only for getting entertainment, establishing a relationship, and finding friends who are lost contacts, and so on. However, in its development, the internet is not only used for entertainment, but also for a business opportunity. The emergence of this media has been utilized by different business enterprises ranging from small class enterprises run by housewives to medium and big sized enterprises. Business people interest in social media sites because of the low cost as well as the breadth and scope of the network that can be formed. In the UK, the purchase of goods through social networking is now in trend according to the Interactive Media in Retail Group (IMRG, 2011).

The spread of information in cyberspace and social media in particular is so dramatic and generate profound impact in influencing the public. We can see some cases like Prita Mulyasari versus Omni International Hospital Tangerang. This case began from Prita's writing via e-mail and Facebook telling about bad service she got when being treated at the hospital. Because of her writing, the hospital sued her for defamation of character. Moreover, there was a case of parliament member who resigned because he was caught in the act of watching porn movies during the parliamentary session. On the other hand, there were many people who have gained positive impacts of the technology. Barack Obama, for example, made good use of social media to support his campaign for his presidency in 2008. Tegar, Nourman Kamaru and Bibit Chandra are some people who gained public support because of the information technology.

In the case of food products, we have heard of Indomie, Magnum, and Kopi Luwak cases. The products are suspected to contain lard / haram substances. The cases cause sales decline. Based on the real experience above, we can see how the impact of information in the form of word of mouth in social media either positive or negative is so extraordinary like a bomb.

Indonesia is famous for its friendly people who like to chat and gossip. For this reason, communication by word of mouth is the most effective communication. By using social media, information networking by word of mouth is no longer done by face to face. By using Facebook, Twitter, hi5 and other social media, we can communicate by word of mouth faster and interact with more people.

The more people use this media, the greater the impact will be. This social media can be used to endorse or let down the reputation of individuals, brand or companies. Public opinion formed by social media networking is able to defeat the advertising or public communication of the company.

With the increasing popularity of social networking sites, many researchers and practitioners are interested in conducting research on marketing by word-of-mouth (WOM). Many studies have identified the strong influence of WOM. Since 1955, Katz and Lazarsfeld have been doing research on WOM and found that WOM has changed the consumers in choosing the brand, twice more effective than radio advertising time, four times more effective than personal selling and seven times more effective than newspaper and magazine ads. Hari (1971) found that WOM is nearly three times effective than free samples and nine times effective than advertising in changing consumer attitudes towards the comfort of new food launch. Then, Reichheld and Sasser (1990) found that the influence of WOM on purchase decision making twice as effective as advertising; but Hogan *et al.,* (2004) estimated that WOM is three times more effective than advertising. Villanueva *et al.,* (2008) concluded that the customers acquired through WOM are expected two times better than traditional marketing.

Although the results of previous studies showing strong effects of WOM, the findings also showed that the effects of WOM showed different results in the entire product (Ennew *et al.,* 2000; Christiansen and Tax, 2000). A number of studies have investigated this question by specifying product in the category of vulnerable or not affected (Dye, 2000), by identifying key factors, such as the perception of risk products, which determine the effects of WOM (Brown and Reingen, 1987; Duhanetal, 1997; Harrison -Walker, 2001) in line with Fang *et al.,* 2011, who proposes a conceptual framework for predicting the effects of WOM.

Previous research on the relationship between the products and the effects of WOM has helped previous research to understand why, when, whether, and how different products are influenced by WOM. However, an understanding of this issue is still confined to the conceptual level. In evaluating how the product is influenced by WOM, according to recent research, this issue is still complicated and confusing. It is also difficult to compare with each other without a uniform and easy way to measure the influence of WOM.

Allsop *et al.,* 2007 says, "WOM is a complex phenomenon and is generally not something that can be controlled directly. WOM is the type of communication that cannot be underestimated. This type of communication according to the findings of a survey conducted by Nielsen Research (2009) in 50 markets around the world is based on consumer recommendations as the most trusted form of advertising. 70 percent showed consumer confidence about the product and the brand posted online. Consumer confidence toward online consumer reviews has increased by 9 percent compared with each of the study in 2007. The growth of confidence rate of online recommendation and review site show that there are an increasing number of global users to share information about products and brands. Belief in the opinion given by friends, family or community is more credible than the information released by the company and cannot be controlled on all sorts of information contained in social media. Recommendations from

friends and trust became very influential in changing the online shopping behavior (Lisa Harris and Charles Dennis, 2011).

This study aims to examine the impact of word of mouth on social media, either negatively or positively to brand equity, brand awareness, brand image and purchase decisions on halal -labeled products. Due to the complexity of e-WOM influence on consumer decision-making, this study wanted to show how great the potential impact of e-WOM can occur in the consumer decision making process.

There are several reasons as a basis to conduct study of WOM in social media. The first of them is the rapid development of the internet and social networking site users (social media) with a very broad impact. This is important because as marketers, they must understand how the use of WOM will have an impact on the brand, and the company, and counter consumer behavior both online and offline.

Secondly, a lot of researches on the impact of WOM on the behavior of online communities are associated with their consumption, online interactions based upon shared enthusiasm for the knowledge, specific consumption activity or group of activities related to the bond (Kozinets, 1999).

Based on these reasons, our research aims to contribute to the literature on the effects of e-WOM on consumer purchase behavior (interests) and brand (brand image and brand awareness) which were investigated after being exposed by social media users' comments (Facebook, Twitter, etc.).

This study begins by providing an overview of previous research on WOM and e-WOM communication. Then, the questionnaire was distributed to users of social networks (Facebook, Twitter, etc.) to explore their views on the impact of WOM that they are doing in the social media, about issues related to food products suspected of using ingredients that are haram, as well as its impact on brand reputation, brand image and influence in decision making / buying behavior (interest). Furthermore, the researcher explained the methodology and data processing and then presented those findings. Finally, the researcher discussed the implications of these findings and identified directions for future research.

1.1 Literature review and research hypotheses

1.1.1 Internet

The word internet derives from the Internet-networking interconnection, which is the entire global system of interconnected computer networks that use the standard Internet protocol Suite (TCP / IP) to serve billions of users around the world. So, the internet is considered as an information center where all the information about a variety of things can be found.

Initially the Internet is a computer network that was formed by the U.S. Department of Defense in the early '60s, which is used as a liaison between departments to one another. Internet development in Indonesia began in the 1990s precisely in 1994 by the young Indonesian students returning from studying abroad.

Internet has enabled new forms of communication platform empowering providers and consumers, allowing vehicles to share information and opinions of both the Business to Consumer, and from the Consumer to Consumer. Electronic communication word of mouth (e-WOM) refers to the positive or negative statement correctly made by the customer about the product or the company, which was made available to many people and institutions via the Internet (Hennig-Thurau *et al.,* 2004).

Internet has now become easier to use not only for education but also the interests of business and individuals. Various terms appear to explain the use of the Internet for business purposes; some called it internet marketing, e-business, cyber marketing and so forth. Each provides extensive coverage and discussion regarding the use of online media for marketing.

B to B (Business to Business) concept developed into B to C (Business to Customer) added by the advent of social networking Friendster and followed by Facebook in 2008 and

Twitter. This development further increased internet use in Indonesian society, not only to find information needs through search engines but also to communicate and form a separate social interaction. Users of social networking increased and made impact on the increasing number of small business based on social networks in 2010. Large firms start to use online media to communicate with customers.

Basically, the internet is chosen as the medium of communication because of its ability to provide information in the form of text, images, sound and animation in the electronic form. Therefore, internet is chosen as an effective and efficient means of exchanging information over long distances. Tara Hunt says, "Markets are Conversations" (Hunt, 2009), which through the internet, word of mouth promotion can create hundreds of conversations on Internet users.

Internet is chosen because of its advantages. First, the Internet provides information dissemination speed without the barriers of time and distance. Second, the Internet offers cheaper marketing costs compared with conventional marketing media. On the internet, thousands of users in Indonesia can quickly access company information anytime and in a relatively short time. The Internet has spawned social networking, therein communities formed. Social networking was made so that users can interact with a large group or community. The power of social networking such as this was then chosen by many companies as the medium to communicate the brand. Tara Hunt says that marketing using social networks allow companies to get more attention as compared to traditional marketing (Tara Hunt 2009). One study, for example, showed that 84% of internet users have at least one online community ties (CyberAtlas 2001).

Customer prefers conversing with friends through online media and trusts the people who cared. The users of social networking use social media to connect with people in the online community and do community marketing process. Fellow online community trusts over recommendations from online friends to buy or trust a brand. In this part, the company can use social networking to communicate brand. Through social networking, each individual will be easy to connect with family, friends, and even potential customers. Social networking sites offer very detailed information, not just who your friends are and what they are thinking about, but also information about the status of life.

Consumption related to the online community is basically a WOM network, where individuals with an interest in product categories interact to share information for buying, affiliating with other like-minded individuals, or participating in the complaint or compliment interactions (Cothrel, 2000; Kozinets, 1999; Hoffman and Novak, 1996).

1.1.2 Word of Mouth (WOM) Communication and e-WOM

WOM is defined as "informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services or selling them" (Westbrook, 1987). WOM has traditionally been conceptualized and explored as an interpersonal exchange of information between individuals' familiar with each other (Brown and Reingen, 1987).

WOM is a consumer-dominated communication channel in which the sender is independent of the market. Evidence shows that consumers generally view WOM as more credible and trustworthy than corporate-led marketing communications (De Matos and Rossi, 2008; Katz and Lazarsfeld, 1955; Lau and Ng, 2001; Newman and Staelin, 1972). Therefore, WOM is considered more reliable, credible, and can be trusted by consumers than the company-initiated communication (Schiffman and Kanuk, 1995; Arndt, 1967).

Communication theory considers that traditional WOM has a strong influence on behavior, especially on consumer information search, evaluation, and subsequent decision making (Cox, 1963; Brown and Reingen, 1987; Money Gilly and Graham, 1998; G. Silverman, 2001). Offline WOM can convert lower order cognition and affect cognition to order and higher effects, then leads to behavioral commitment (Bristor, 1990). Through multiple exchanges, the

WOM message can reach and potentially influence many receivers (Lau and Ng, 2001).Social network analysis has been used to study the behavior of WOM as the unit of analysis as the exchange of (tangible and intangible) resources between social actors (Brown and Reingen, 1987; Bansal and Voyer, 2000) and see how the exchange between the pair build the network (Wellman and Berkowitz, 1998).Social networks found individual, group, and organizational behavior is more influenced by the type of relationships and networks in which actors are involved rather than by individual attributes of the actors themselves (Haythornthwaite, 1999).

WOM communication (WOM) is described as a process that enables consumers to share information and opinions that the buyer directly to and away from certain products, brands, and services (Hawkins *et al.,* 2004). Another author noted that consumer affective elements such as satisfaction, pleasure, and pain make all consumers be motivated to share the experience with others (Neelamegham and Jain, 1999). Researchers have identified factors/variables that can mediate WOM as sources of expertise (HS Bansal and PA Voyer, 2000), demographic similarity (Brown and Reingen, 1987), the strength of binding (Brown and PH Reingen, 1993) and perception affinity (Gilly *et al.,* 1998) as an important antecedent of WOM influence. The expected result of the spread of WOM is the reference. Mahajan (1990) found that WOM can influence product evaluations. Research conducted Gruen *et al.,* (2005) indicated that online WOM reference impact not only receiving perceived value of the company's products, but also their loyalty intentions.

Hennig-Thurau *et al.,* (2004) defines e-WOM as "any potential positive or negative statement made by actual customers or former customers about a product, company or made available to many people and through the internet".

Similar to WOM, e-WOM has high credibility, empathy and relevance to consumers than marketers induced source of information and a website has been launched to facilitate (Bickart and Schindler 2001). Other online companies also include e-WOM as an additional feature on their website, including online retailers (e.g. Amazon.com), a digital music download stores (iTunes) and C2C websites such as eBay. Online companies also use e-WOM as an alternative cost-effective and comfortable with advertising. For example, Amazon.com or Kaskus, TokoBagus etc. do not advertise through traditional methods but using e-WOM as perceived neutrality among consumers (Sen and Lerman, 2007).

e-WOM is more influential than offline WOM (WOM) due to its ability to reach a large number of people directly and on a global scale (Hennig-Thurau *et al.,* 2004; Phelps *et al.,* 2004). Although e-WOM is important, there is still a small number of studies that examine online consumer decisions and aspects of e-WOM, such as viral marketing, in a cross-national setting (e.g. Dobele *et al.,* 2007; Fong and Burton, 2008). WOM has been recognized as one of the most influential resource in the transmission of information. However, conventional WOM communication is only effective within the confines of limited social contact. Advancement of information technology and the emergence of online social networking sites have changed the way information is transmitted and has advantages that go beyond the limitations of traditional WOM.

E-WOM is used by consumers for the same reasons as traditional WOM, including the collection of information to reduce the risk, information storage to compare with other resources and share information in order to influence others (Pollach, 2006). Therefore, E-WOM is seen as an extension of traditional WOM, but different as far as the internet is not a medium that is used to trade information between consumers. Therefore, e-WOM has three main properties that are different from the traditional WOM including ubiquity, amorphousness and international context (Litvin *et al.,* 2008). WOM is the process of conveying information from person to person and played a major role in purchasing decisions of customers (Richins and Root-Shaffer, 1988).

The influence of information obtained from e-WOM comments on consumer purchasing decisions has received attention in the literature up to now. Senecal and Nantel (2004) found that

consumers use online product recommendations from three sources, including other consumers, choose the products recommended two times more often than consumers who do not use any kind of recommendation. Brown *et al.,* (2007) showed that the exchange of information via e-WOM is important for consumer decision making when consumers consider the information that is credible, and there are high levels of homophile and tie strength in online networks. Although these findings suggest that e-WOM has a positive effect on consumer purchase decisions by referring mainly to recommendations (i.e. positive e-WOM) and did not consider the e-WOM negative comments and how they affect consumer purchasing decisions. Research conducted by Reza SamieiJalilvand and Neda (2012) showed that online interpersonal influence or e-WOM plays an important role in consumers' purchasing decisions. Of several studies as described above, it can be said that e-WOM is also WOM online.

1.1.3 WOM, e-WOM and Brands

In the market, a brand is faced with thousands of brands of similar products or services. To differentiate a product, a product needs a name or brand as an identity for the company. In addition to corporate identity, branding according to Kottleris also intended to allow the customer or organization to assign the responsibility on producers (Kottler, 2007) such as administrative purposes and regulations related government policies. When consumers engage in informal conversations about products, services or brands, is known as word of mouth (WOM) (Arndt, 1967; East *et al.,* 2008). Consumers imitate each other following a representation of social or learning paradigm, but perhaps more importantly, they also talk to each other. Described as WOM communication (WOM), this process allows consumers to share information and opinion on direct purchases and away from certain products, brands, and services (Hawkins *et al.,* 2004).

Aaker, Keller (1993) developed the concept of the behavior of customer-based brand equity (CBBE), which consists of two dimensions of brand awareness and brand image and is defined as the differential effect of brand knowledge on customer response to the marketing of the brand. Brand image consists of attributes and benefits associated with the brand that makes the brand distinctive, so that it differentiates the company from competitors' bids (Webster and Keller, 2004). Attributes are descriptive features that characterize the brand, such as what the consumer thinks the brand or cause and what is involved with the purchase or consumption. Benefit is the consumer's personal value attached to the brand attributes, i.e., what consumers think the brand can do for them (Keller 1993, 1998). In the company-customer relationship, every interaction between company and customer become input into the company's brand image.

According to Keller, (1993) the consumer mindset is divided into two dimensions, namely brand awareness and brand image. Brand awareness indicates the presence of the brand in consumer memory and because it shows how well consumers will remember or realize (Rossiter and Percy, 1987). Brand image signifies consumer associations related to the brand (Keller, 1993). Park and Srinivasan made differentiation (1994) between the brand associations related to the attributes of a product and brand associations related to specific attributes. Overall brand evaluation is reflected in the attitude of the brand. Because the consumer mindset influences consumer behavior as a result of the actual decision-making process is not observed, integrated the brand, purchase intention in the model as a result of behavioral variables (Jalilvand and Samiei, 2012). Thus, consumer-based brand equity is the result of both activity-based consumer reactions to corporate brand communications and consumer response to other consumer-based brand on social media platforms compared to the reaction of consumers who receive the equivalent non-branded products. Differences can be ascribed to the reaction of the consumer mindset (Keller, 1993). Effects captured by the customer will depend on how manufacturers provide experience in marketing programs. When exploring the literature, the formation of relationships between social actors in online consumer communities, and in particular about the place of online community / website of your own in the social networks, it

may be useful to take advantage of the consumer relationship with the brand (Blackston, 1992, 1993; Hess, 1996; Moriarty Gronstedt and Duncan, 1996; Palmer, 1996; Fournier, 1998), which itself refers to the Social Exchange Theory to explain how consumers relate to the brand. Palmer (1996) argues, "People need to have an emotional bond with a high involvement of the underlying products they buy".

WOM often has valence, positive or negative (Buttle, 1998). Positive comments or recommendations usually accelerate the acceptance of the brand and encourage purchases (East *et al.,* 2008). On other hand, negative opinion is expected to hamper the brand choice and block purchase (as Chevalier and Mayzlin, 2006). In general, it is assumed that NWOM stronger than PWOM. Therefore, marketers should be concerned with the negative comments where possible (Goldenberg *et al.,* 2007; Luo, 2009). In psychology, this is referred to as 'negative effect', whereby unfavorable information exerts greater impact on the community assessment and perception of favorable information (Herr *et al.,* 1991; Fiske, 1980; Mittal *et al.,* 1998.). For WOM, however, there is evidence that the mixture NWOM is more (or less) than PWOM effect. Arndt's research, which is often cited, (1967a) showed that the impact NWOM doubled from PWOM, although it is only under investigation for a brand new one that is often purchased in the food category. Therefore, this study focuses on food products, foods that rumored (WOM) contain ingredients / substances that are forbidden or halal products which are very important and gained great concern by Muslim-majority Indonesian public.

Brandp has also been considered as a major capital for many industries. Strong brands can increase customer confidence in a company's products or services purchased, and allow them to better visualize and understand intangible factors. According to Yoo and Donthu (2001), brand image can influence the company's future profits and long-term cash flow, making the consumer's willingness to pay a premium price, making mergers and acquisitions, stock prices, sustainable competitive advantage, and marketing success. Based on the arguments mentioned, it is clear that WOM communication has a strong impact on the assessment of the product (Herr *et al.,* 1991). The Researcher found that online WOM communications posted in the live and interactive media such as the internet may have a strong effect on brand image and brand awareness, as hypothesized in this study:

H1: e-Word of Mouth Impact on Brand Image
H2: e-Word of Mouth Impact on Brand Awareness
H3: e-Word of Mouth Impact Interests Purchase

1.1.4 WOM and Purchasing Behavior

Word-of-mouth (WOM) has been recognized as one of the most influential resource in the transmission of information. Advances in information technology and the emergence of online social networking sites have changed the way information is transmitted beyond the limitations of traditional WOM, has online interpersonal influence or electronic word of mouth (e-WOM) and plays an important role in consumer purchasing decisions (Jalilvand *et al.,* 2010).

Originally WOM is referred to as communication conversations among consumers about a product (Chatterjee, 2001; Sen and Lerman, 2007), spread all over the world with the internet bringing online WOM communication (Brown *et al.,* 2007; Chatterjee, 2001: Davis and Khazanchi, 2008; Godes and Mayzlin, 2004; Kiecker and Cowles, 2001; Xia and Bechwati, 2008). This new type of WOM communications has become an important venue for consumer opinions and are generally recognized to play a considerable role in influencing and shaping consumer attitudes and behavioral intentions (Bickart and Schindler, 2001: Godes and Mayzlin, 2004; Hennig-Thurau *et al.,* 2004; Mayzlin, 2006; Chatterjee, 2001; Chevalier and Mayzlin, 2006; Herr et al., 1991; Kiecker and Cowles, 2001; Sen and Lerman, 2007; Smith and Vogt, 1995; Weinberger and Dillon, 1980; Xia and Bechwati, 2008), considered more effective than WOM communication because of its greater accessibility and high range (Chatterjee, 2001). Posting reviews of consumer products on the internet is one of the most important forms of

communication in online WOM (Schindler and Bickart, 2005; Sen and Lerman, 2007), and it is increasingly common for consumers to search for product reviews online when gathering information for pre-purchase product (Adjei *et al.,* 2009; Zhu and Zhang, 2010) and form a purchase intention (Zhang and Tran, 2009).

The researchers have also shown that private conversations and informal information exchange between acquaintances not only affect consumer choice and purchase decisions, but also establish consumer expectations (Anderson and Salisbury, 2003), pre-use attitudes Herr *et al.,* (1991), and even post-use perception of a product or service (Bone, 1995).

WOM has a greater impact on attitude formation and decision making than formal marketing communications (e.g. Herr Kardes and Kim, 1991; Bone, 1995). Evidence showed that the strong bond between the two members which is felt by the two members have a positive influence on the decisions they make (Leonard-Barton, 1985).Development of various information processing and response models in their efforts to understand how consumers process and respond to information related to the product have been widely studied such as Strong's classical models (1925), AIDA model (attention, interest, desire, action), and Rogers (1995) Innovation-Adoption Model (awareness, interest, evaluation, trial adoption). The model concludes that communication is the process of persuasive messages and influences the attitudes and behavior of the recipient. McGuire (2001) identified five stages of information processing: exposure, attention, comprehension / evaluation, yield / revenue and retention / diffusion without regard to the persuasive process. Considering that WOM is communication diffusion, McGuire model shows the antecedents influence re-senders. Gershoff *et al.,* (2003) define acceptance as "the extent to which re-senders believed that WOM information is correct and likely accept suggestions proposed in WOM information". Similarly, the posting intentions refer to the extent to which re-senders want to resend the information they have received to others, including those in both online and offline environments.

According to the Elaboration Likelihood Model proposed by Petty *et al.,* (1983), the quality of the argument is an important factor in determining the persuasive impact of the message. They also found that the quality of the arguments affecting consumer attitudes toward a product, in particular, consumers tend to have a more favorable attitude toward product-related information when the product has a high quality (strength) than the lower argument (weak).

A unique aspect of the effects of WOM marketing that sets it apart from the traditional effect is a positive feedback mechanism between WOM and sales of products. Meaning that, WOM leads to product sales, which in turn generate more WOM and then more product sales (Godes D and D Mayzlin, 2004).

Online consumer review, a type of e-WOM, involves positive or negative statement made by consumers about the products for sale on the internet shopping. An online consumer reviews becomes the route to social influence that plays two roles (informant and recommender).

Brand image is the perception of the brand as reflected by the brand associations in consumer memory (Keller, 1993). Brand image comes from the consumption of the consumer experience, and service quality perceived is a function of the consumption experience. Thus, customer perception of service quality directly affects the brand image (Aydin and Ozer, 2005).

When consumers engage in informal conversations about products, services or brands, it is known as word of mouth (WOM) (Arndt, 1967, East *et al.,* 2008). Often time, WOM has a valence which can be considered as positive (PWOM) or negative (NWOM) (Buttle, 1998). It is generally accepted that PWOM encourages the purchase of the brand, while NWOM inhibits purchase (Chevalier and Mayzlin, 2006; Liu, 2006). WOM contribution for the brand can be calculated by multiplying how many people give WOM by impacts associated with each event (East *et al.,* 2008; Uncle *et al.,* 2010; Prendergast and Ko, 2010).

In this study, we are concerned with the impact of e-WOM on product that was rumored to contain haram substances, and with expectations that corporate and consumer can take better

action in the case of this food. There is several factors interaction with the reaction of the recipient to WOM. Among them are valence factors (positive / negative) and the probability of individual factors acting before accepting WOM (prior probability). While a number of existing studies focused on strength PWOM versus NWOM (Charlett *et al.,* 1995; Romaniuk, 2007; Samson, 2006). Little prior probability factor in how to act can affect the impact of WOM (East *et al.,* 2008). This study is based on previous research by examining the impact of e-WOM on brand (brand image, brand awareness) and consumer behavior (purchase interest) are hypothesized as follows:
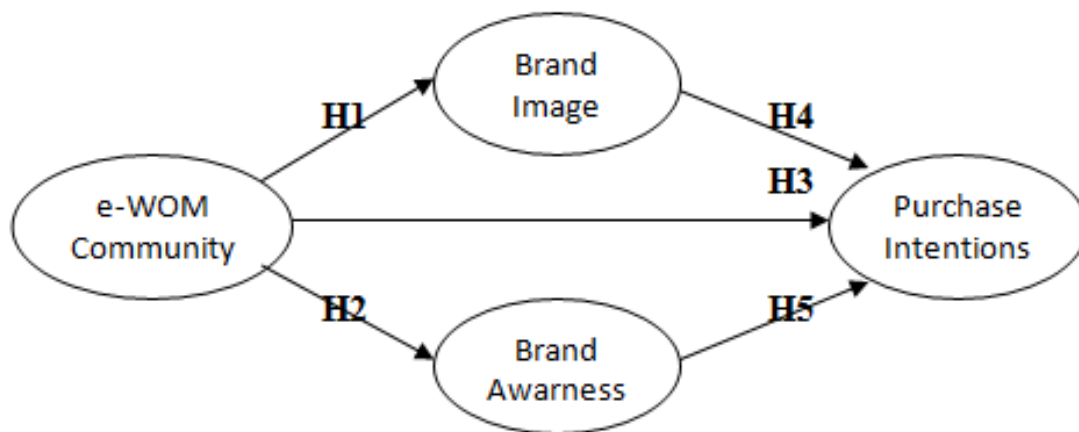
Figure 1. Research Model

2. Research Methods
2.1 Data collection and sample
The data was collected through an online survey of 400 respondents to fill out questionnaires. Three food companies whose products are rumored to contain lard material are selected. The selection of companies was based on the consideration that the majority of Indonesian people are Muslims. Muslim consumers are very vulnerable on WOM regarding the halal status of food products. So, if there are issues of a product containing pork fat, this issue will reflect badly on the image of the brand / product and affect the interest of the purchase. With WOM in social media, this issue is expected to have greater impact.

Respondents were evenly split between the three brands / food products which are rumored to contain lard / haram ingredients such as Indomie, Kopi Luwak, coffee, and Magnum ice cream. They responded on social media platforms and e-WOM, regardless of whether the brand is presented correctly or does not contain prohibited substances. Respondents were selected to participate based on a statement that they have really felt the brand on social media platforms.

2.2 Measurement
Measurements were performed with Cronbach's alpha and confirmatory factor Analysis (CFA) to measure the reliability and validity. We included all the independent and dependent latent variables in a multifactorial model CFA. To demonstrate that this model fit, the researcher used Goodness of fit (x2 / Df; root mean square error of approach (RMSEA), the standard root means square residual (SRMR), comparative fit index (CFI), Tucker-Lewis Index (TLI)). The researchers used structural equation model (AMOS 17.0) to test the hypothesis.

3. Result and Discussion
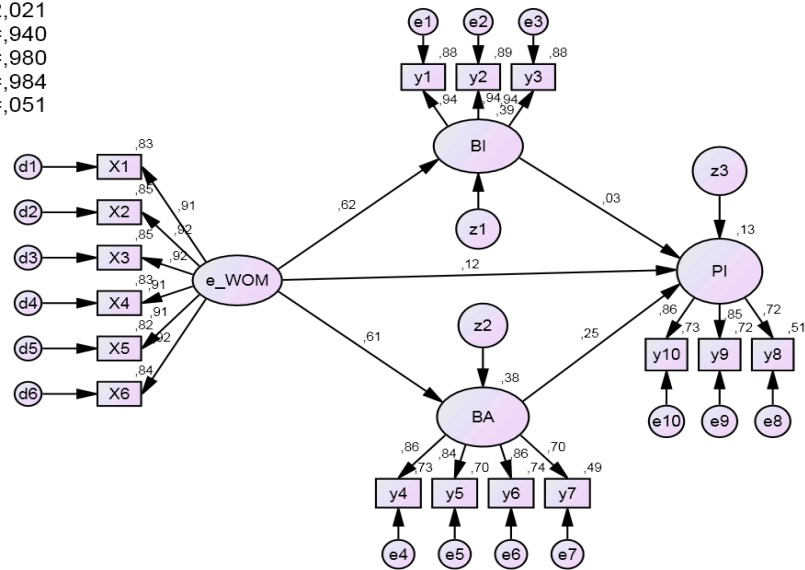
Figure 2. Research Model

Table 1. Demographic

Sample demographics (n= 400)	Amounts
Gender	
Female	171
Male	229
Education	
Ph. D	5
S2	
S1	
High School 114	114
No indication 71	71
Age	
<18	10
18-22	93
23-34	119
35-54	151
>54	27
Job	
PNS	75
Employee	79
Entrepreneur	94
Student	94
No indication	58

Source: Data processed

Table 2. Structural Coefficients

Hypotheses	Standardized structural coefficients
e-WOM → Brand Image	0,625
e-WOM → Brand Awareness	0,614
e-WOM → Purchase Intentions	0,123
Brand Image → Purchase Intentions	0,030
Brand Awareness → Purchase Intentions	0,251

Source: Data processed

The emergence of social media has introduced a brand-new channel of communication, proved by e-WOM whose impact is apparent on the brand in social media platforms. Via the mobile internet, which is becoming increasingly widely held and easy to use either through Cell phones, Smartphone, and other gadgets, social networking which is increasingly widely used by people from all walks of life, consumers and manufacturers can take the information and good communication via e-WOM in order to minimize misunderstanding, or issues related to the issue of halal food products (as a negative impact) which can result in decreased consumer buying interest.

The starting point of this research is based on the observation that WOM in virtual communities or social networks (for example Facebook.com, twitter) called e-WOM or online WOM, where consumers can disseminate their experience and knowledge of the brands / products as well as services become increasingly popular. Practical experience and previous research shows that in the context of online WOM, consumers are interested in writing and reading experience pleasant and unpleasant. In addition, information from the e-WOM is very vulnerable to food products, especially the issue of food products made from substances that are not halal / haram. Consequently, from the perspective of marketers, the question arises about how to cope with the effects of WOM online (e-WOM) which may be relevant to the response variable in marketing. A response variable that plays an important role in marketing and need to be considered in the context of the effects of online WOM communication is the brand image. Therefore, the reason for doing research in the field of online WOM communication effects by introducing the concept of brand image and brand awareness in the halal food products and examine the possible effects of e-WOM on consumer behavior is very interesting to study.

This study is based on previous research and explores the unique contribution of interpersonal influence on brand image, brand awareness and intent / interest in buying in the food industry, especially halal products that have not been studied by other researchers. Our empirical study shows that e-WOM has a considerable effect on the brand image, on the need of brand awareness and indirectly leads to the intention to buy, especially in the food products industry. In addition, the researcher found that e-WOM has a strong direct influence on purchase intentions. This is consistent with many previous studies (Chevalier and Mayzlin, 2006), but not in the halal food industry products. The results of this study have some important implications. This study found that online WOM communication can lead to purchase intention which is very important for food manufacturers, especially for halal products in Indonesia with majority Muslim community.

Decomposition of total effects for the model study (N = 400), customers can read online for product recommendations, directing interest and may have a strong effect on their buying decisions. E-WOM can be used so that consumers can find out information and awareness of the brand is formed. Therefore, managers can initiate activities point-of-sale in the form of product trials with the aim of motivating online WOM communication that allows consumers to form their own impression.

Many studies have investigated the perception of the quality of customer service as a predictor of customer behavior intention, such as WOM communication. Boulding *et al.*, (1993) showed that service quality positively affects behavioral outcomes such as loyalty and positive

WOM. Zeithaml *et al.,* (1996) proposed a model of the behavioral consequences of service quality and suggested that the perception of service quality related to positive behavioral intentions including WOM, purchase intentions, complaining behavior, and price sensitivity. Based on the study, Alexandris *et al.,* Zeithaml *et al.,* (2002) showed that the quality of service indicated 93 percent of variance in WOM.

Managers can improve brand image by increasing the range of product information, improving product quality, offering products in a decent price and providing friendly after-sales service. These improvements will directly enhance the product purchase intentions. However, companies with high brand equity should not rely on such a high brand image benefits such as customer loyalty as expressed in the literature (Aaker, 1991; Agarwal and Rao, 1996; Keller and Lehmann, 2006).

Food companies should be aware of the risk of negative WOM communication online because companies with high brand equity can be significantly attenuated by negative WOM online and will be detrimental. Marketers can develop the right communication tools and media to make consumers more aware of their brands / products, and try to change some of the issues or negative perceptions that consumers know about brands / products through online WOM. It can be said that the positive e-WOM plays an important role in improving customer purchase intent, creating a brand image / profitable product for the company, it can even reduce promotional spending.

Research on the effects of e-WOM on social media conducted by Nguyen and Romaniuk, (2012) showed that traditional media exert a stronger impact on brand awareness compared to online communication media, while online social media communication has a stronger positive effect on brand image. As a result, the communications media comparative assessment showed that traditional media such as TV and print campaigns are best suited to increase brand awareness, while company's weblogs company or brand profiles on social networking sites are best suited to enhance the brand image.

Marketers need to be very aware that they can use and create social media communications to enhance brand image and enhance certain ability to influence the C2C and B2C communications via e-WOM. Companies can actively begin using WOM communication about their brands by leaving a memorable impression in the minds of consumers (Mangold and Faulds, 2009). Magnum ice cream has proved a traditional media campaign with vigorous advertising and used social media based on Internet network, through Facebook and Twitter. Unfortunately, manufacturers do not focus on providing knowledge to consumers that their products are halal guaranteed.

Joint use of traditional media communications and social media provides a very effective and optimal marketing mix to positively affect brand equity. Companies may affect consumers and use traditional communication channels and media to manage brand awareness and brand image. Marketing managers should find out what can trigger awareness because awareness ultimately affects consumer behavior. Finally, companies should be aware of why they are involved in social media and be careful in defining a clear strategy for their involvement. Social media does offer companies a lot of opportunity to listen to their customers, engage with them, and can even affect their conversation. Therefore, the company must have a direction and a purpose, wrapped in honesty in conveying information regarding its products that not only aims to achieve a good image by providing knowledge about the product information in a transparent manner.

4. Conclusion

E-WOM is a relatively new phenomenon and is still an area that should be explored in this field. Previous research focused specifically on e-WOM recommendations, positive and negative e-WOM, ambiguous e-WOM information, or a combination of the various reviews,

which may exist on many sites that provide tracking and e-WOM recommendations. E-WOM, brand and purchase intention has been tested on a variety of products, such as luxury cars, laptops, gadgets, Starbuck, TV commercials, movies, etc. From these studies, we can gain rich insights that can be obtained to study the various categories of products, including high-risk product search experience on products and services. This is what underlies this research. E-WOM research on social media and its influence on the brand and purchase intention of halal food products has not been studied previously. These results also open up some interesting paths for future research.

By knowing the impact of e-WOM on brand and buying interest in this study, marketers should not underestimate the presence of WOM communication types. Major impact should be utilized and related marketing strategies of e-WOM communications must fit and proper so that the company's efforts in building a brand image, providing product knowledge to increase brand awareness, increase buying interest and encourage the purchase was worth it.

Limitations of this study are the absence of discussion about the truth of whether the product is halal or haram. However, this study aims to examine the e-WOM on brand image, brand awareness and purchase interest in the product rumored to contain haram substances.

Research in the future will be made and developed from this research, related to strategy, or seek another impact of e-WOM, or on the type of another product.

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Appendix

Word of mouth (Bambauer-Sachse and Mangold, 2011)

(E-WOM1) I often read product reviews online from other consumers, to find out what product / brand makes a good impression on others

(E-WOM2) To make sure I buy the right product / brand, I often read online product reviews from other consumers

(E-WOM3) I often consult about online product reviews from other consumers, to help choose the right product / brand

(E-WOM4) I often collect information about product reviews online from other consumers before I buy certain products / brands

(E-WOM5) If I do not read product reviews online from other consumers, when I buy a product / brand, I'm worried about the decision I made.

(E-WOM6) When I buy a product / brand, product reviews from other consumers online make me confident in buying products / brands

Brand image (Davis *et al.,* 2009, Scott and English., 1989, Verhoef *et al.,* 2004)

(BI1) Compared to other products / brands, I believe this product / brand has halal quality

(BI2) This product / brand has a good historical credibility as a halal product

(BI3) I believe this product / brand is a halal product

Brand awareness Yoo *et al.,* (2000)

(BA1) I easily recognize this product / brand as a halal product

(BA2) Some characteristics of this product / brand immediately come to my mind

(BA3) I easily memorize the symbol / logo of this product / brand

(BA4) I have a very clear picture of this product / brand

Intention to buy (Grewal *et al.,* 1998, Shukla., 2010)

(Pi1) I would seriously consider buying this product / brand

(Pi2) I am willing to recommend others to purchase this product / brand

(PI3) I intend to purchase this product / brand in the future

THE INFLUENCE OF INTRINSIC AND EXTRINSIC FACTOR ON COMMITMENT AND THE IMPACT ON THE PERFORMANCE OF EMPLOYEES

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Abstract

This study aimed to determine the influence of intrinsic and extrinsic factors on commitment and impact on the performance of employees of Sejahtera Sunindo Trada Company. The populations in this study were employees of Sejahtera Sunindo Trada totaling 100 people. The entire population was sampled, so that the samples were 100 respondents. No sampling technique for this study since used census study which all employees which the workshop became respondents. The analytical tool used in this research was Structural Equation Model (SEM) using Partial Least Square (PLS). The first hypothesis testing showed there was no significant positive influnce between intrinsic factors and commitment by the t value was smaller than the value t table 1.274 < 1.96. The second hypothesis testing showed there was no with significant positive influnce between extrinsic factors with the commitment to the value of t is greater than t table is 1.973 > 1.96. The third hypothesis testing showed no significant positive influnce between commitment and performance and the intrinsic value of the t less than the value t table is 1.181 < 1.96. The fourth hypothesis showed there was no significant positive influence between intrinsic and performance with the value t was greater than t table 3.008 > 1.96. The fifth hypothesis was there no significant positive influence between extrinsic factors and performance by the t value greater than the value t table is 3.864 > 1.96.

Keywords: Intrinsic factor, Ekstrinsik factor, Commitment, Performance

Abstrak

Penelitian ini bertujuan untuk menentukan pengaruh faktor intrinsik dan ekstrinsik pada komitmen dan dampaknya terhadap kinerja karyawan perusahaan Sejahtera Sunindo Trada. Populasi dalam penelitian ini adalah karyawan Sejahtera Sunindo Trada berjumlah 100 orang. Seluruh penduduk adalah sampel, sehingga sampel adalah 100 responden. Tidak ada teknik sampling untuk penelitian ini karena penelitian yang digunakan sensus dimana semua karyawan yang lokakarya menjadi responden. Alat analisis yang digunakan dalam penelitian ini adalah Structural Equation Model (SEM) menggunakan Partial Least Square (PLS). Pengujian hipotesis pertama menunjukkan tidak ada influnce positif yang signifikan antara faktor intrinsik dan komitmen dengan nilai t lebih kecil dari nilai t tabel 1,274 < 1,96. Pengujian hipotesis kedua menunjukkan tidak ada dengan influnce positif yang signifikan antara faktor ekstrinsik dengan komitmen terhadap nilai t lebih besar dari t tabel adalah 1,973 > 1,96. Pengujian hipotesis ketiga menunjukkan pengaruhnya tidak positif yang signifikan antara komitmen dan kinerja dan nilai intrinsik dari t kurang dari tabel nilai t adalah 1,181 < 1,96. Hipotesis keempat menunjukkan tidak ada pengaruh positif yang signifikan antara intrinsik dan kinerja dengan nilai t lebih besar dari t tabel 3,008 > 1,96. Hipotesis kelima ada pengaruh positif yang signifikan antara faktor ekstrinsik dan kinerja dengan nilai t lebih besar dari nilai t tabel adalah 3,864 > 1,96.

Kata kunci: Faktor intrinsik, Faktor ekstrinsik, Komitmen kinerja

JEL: M54

1. Research Background

Company has been built for certain purpose that is intended and has to be achieved. Because of that, each company, whatever the form of business is, need human resources that have the ability to think, act, and also skilled in facing the business competition. One of the most important aspects in company is performance of employee which is how employee does everything that related with some works or roles in certain company. The role of human resource within an organization is a very important determinant for effectivity and succeeds of an organization to achieve its goal. For that, company demanded to increase the quality of human resource so it is hoped there will be increasing in performance of employee.

Each individual that works in a company or organization has to have commitment in terms of working, because with the commitment in working, the goal of the company can be achieved. But sometimes a company or organization paying less attention to their employee's commitment, it is affecting the decreasing of performance of employee or the loyalty of employee become reduces.

PT. Sejahtera Sunindo Trada as the main dealer of Suzuki R4 is one of the branches of Sunmotor Group that established in 23 January 1998, it is a company which engages in the branch of automotive which are car sales, workshop, and spare parts for car under the brand of Suzuki, and committing to become a leading company by giving the best service for consumer with the moto "serve wholeheartedly". In order to achieve that goal, the best human resource with high organization commitment is needed so it will increase the performance of employee and company. One of the organization commitments of employee can be performed through the result of the service achievement on each month. The higher service achievement, the better performance has been achieved.

The valuation of performance for service advisor is done directly by Halo Suzuki Team. Valuation is done by the way of calling customers directly with the deadline of 3 up to 7 days after service and asks a few questions about the comfort of workshop and the service of service advisor. For the service of service advisor, customer is asked to give mark from 1 up to 10 and those marks will be accumulated and averaged so that the advisor will get the mark that they call CSI (Customer Satisfied Index). Service advisor is stated as doing good job if the CSI mark minimum is 900. In order to get 900 up to 1000 mark, besides giving great service, service advisor must also give information about the car which is during the registration, working up to the total cost of the service also following up the customer 1 or 2 days after the service by asking the comfort of the car after the service, and also asking the customer about the customer satisfaction value. If the customer is satisfied and gives good mark, so the data of the customer will be sent to Halo Suzuki Team and they will randomize the data that will be given to call.

Suzuki workshop in PT Sejahtera Sunindo Trada gives extra compensation insentive for service advisor that make 900 CSI mark and they also enacted reduction of insentive if the CSI mark is below 900 on each month. Central Suzuki located in Jakarta rates the performance of service advisor in order to keep and increase the quality of the service for the customer. CSI value becomes the motivation for service advisor because in 1 year service advisor in Indonesia will be chosen from the highest CSI value and given award. The award that is given to best service advisor is a motorcycle. The company also gives award to employee from workshop section in form of cash with the best employee category which are service advisor, forman, mechanics, and sparepart admin.

Intrinsic factor is the factor that comes from the employee themselves which are age, education, work experience, stability of personality, and gender. The age of employee of PT. Sejahtera Sunindo Trada is in the range of 20 – 40 years old, with the most educational background of STM or SMK because most of them are mechanics, and then D3 and S1. Working

experience of most of the mechanic employee are obtained from their schools which are STM or SMK with the major of automotive and alos from apprentice or training. Employee have attitude or sense to help each other, this can be seen from one work that does not get finished by 1 mechanics only but other mechanic or those who have not got their work order letter (SPK) help the other mechanics that get the SPK already. Most of the workshop employees are male.

Extrinsic factor is the factor that comes from within the organization, for instances recruitment, training and development, compensation, and partnership. Employee recruitment section workshop pass the stages that have been determined which are interview with HRD, psychotest, and interview with head of each division. There are a lot of training for employees that have position as service advisor, forman, and mechanics such as softskill training that held in order to socialized the way to serve the customer in the best way. Meanwhile for forman and mechanics there is technical training which is held in order to socialized the way to finish the work based on the procedure that has been determined. Beside that, there is training that is held for service advisor, forman, and mechanics at the same time which is new product training. Beside in order to get training, employees also have the chance to get a better carreer or carreer path in the order od mechanics to be forman, forman can be service advisor and service advisor can be service manager. The form of compensation for employee is basic salary, meal and transportation allowance, insentive. Beside that, employees also get the health insurance for inpatient and medicine claim for outpatient with the ceiling that has been determined by the company and insurance.

From the analysis above formulated problems as follows:
1. How is the influence of intrinsic factors on commitmen of employee?
2. How is the influence of exterinsic factors on commitmen of employee?
3. How is the influence of commitment on performance of employee?
4. How is the influence of intrinsic factors on performance of employee?
5. How is the influence of exterinsic factors on performance of employee?

The purpose that wants to be achived in this study is to know the influence of intrinsic and extrinsic fators on commitment also the impact on performance of employee.

1.1 Literature Review
1.1.1 Performance

Performance is a general terminology that is for all or part of act or activity form an organization in 1 periode with the reference in some numbers of standards such as the cost of past or the one that projected with accountability efficiency based or management accountability or else.

Performance is the result or outcome of a process (Nurlaila, 2010:71). According to behavioral approach in management, performance is quality and quantity of something that is resulted or service that is given by someon that does the work (Luthans, 2005:15)

Performance also can be described as the level of achievement of implementation of activity in creates target, goal, mission, vision of company that decanted in formulation of strategy planning a company.

There are three dimensions to measure performance of employee, which are (Wirawan, 2012:54):
a. Work result
   Is the the outcome of work in form of goods and service that can be counted and measured the quantity and quality?
b. Work behaviour.
   There are two kinds of work behaviours which are personal and work behavior. Personal behavior is behavior that has no correlation with work, such as the way of walking; the way

of speaking etc. meanwhile work behavior is the behaviopur of employee that has correlation with the work such as hard working, friendly with customer etc.

c. Personal Character
Personal character that has correlation with the work is the personal character that is needed for doing the work.

1.1.2 Commitment

Commitment came from the latin "commiter" which means combining, uniting, trusting, and doing that. According Gibson (1997) it is the identification of sense, involvement of loyalty that is revealed by the workers toward organization. Commitment is showed in accepting attitude, strong belief on the values and goals of the organization, and the existence of encouragement to maintain the membership within the organization in order to achieve goal of the organization.

Organizational commitment is the level in which employee believe and accept the goal of the organization, and also willing to live together with the organization, Robert L. Manthis, John H. Jackson (2006). Mayer and Allen (Purnamie, 2014) mentioned three dimensions of commitment which are:

a. Affective Commitment
Affective Commitment refers to emotion that clings to employee to identify and involve them with the organization. Employee with strong affective commitment tends to regularly loyal to the organization because it is their true will within their heart.

b. Normative Commitment
Normative Commitment refers to reflection of feeling on obligation to be employee of the company. Employee with high normative commitment feel that they has to keep working on the organization where they are currently working

c. Continuance Commitment
Continuance Commitment refers to awareness of the employee that related to the cause of the dead of the organization.

1.1.3 Intrinsic Factor

According to Herzberg (1987), intrinsic factor also called as intrinsic motivator which is the factor that is related to aspects contained within the work itself.

Sjafari Mangkuprawira (2011), also mentioned that intrinsic factor is the factor that can encourage the commitment degrees which comes from the employee themselves. The factor intrinsic covers social economic condition of family, age, education, working experience, stability of personality and gender.

1.1.4 Entrinsic Factor

According to Herzberd (1987), entrinsic factor also called as hyggien factor which is factor that exists around the working implementation.

According to Sjafri mangkrupawira (2011), entrinsic factor is the factor that can encourage the occurance of commitment degrees in all kinds of aspects of organization or factor that comes from within the organization, which covers carrier management, performance management, recruitmen, training, and development, compensation, and partnership.

Theoretical frame that is used in thois research refers to the concept from Prof. Dr. Ir. Tb. Sjafri Mangkuprawira, (2003:248). The picture of the Theoritical theory is as follows:
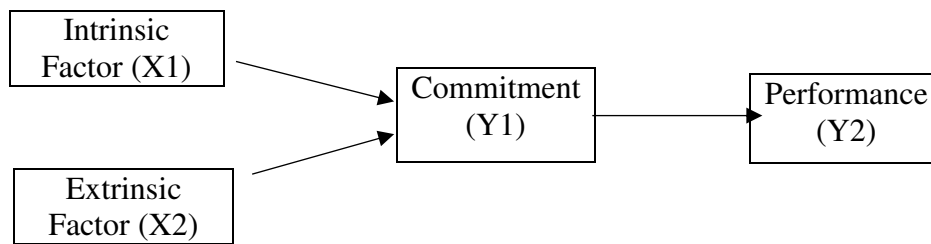
Figure 1. Theoritical Frame
Source: Mangkuprawira (2003:248)

1.1.5 Hypothesis

1. Ha1: there is significant positive influence of intrinsic factor on employee commitment.
2. Ha2: there is significant positive influence of extrinsic factor on employee commitment.
3. Ha3: there is significant positive influence of commitment on performance of the employee.
4. Ha4: there is significant positive influence of intrinsic factor on performance of the employee.
5. Ha5: there is significant positive influence of extrinsic factor on performance of the employee.

2. Research Methods

This research is comparative casual, which is types of research with the problem characteristic in the form of causality between two variables or more (Indrianto & Supomo, 2002). Operational definition for each variable is:

2.1 Performance (Y2)

There are three indicators to measure performance of employee, which are (Wirawan, 2012:54): work result, work attitude, and personal characteristic which have correlation with the work.

2.2 Commitment (Y1)

Indicator to measure commitment according to Mayer and Allen (Purnamie, 2014) are: affective Commitment, Normative Commitment, and Continuance Commitment.

2.3 Intrinsic Factor (X1)

Factor that comes from the employee themselves (intrinsic factor) covers (Mangkuprawira, 2011): Social Economic Condition of Family, Age, Education, Working Experience, Stability of Personality and Gender.

2.4 Extrinsic Factor (X2)

The basic indicators of measurement are (Mangkuprawira, 2011): Carrier Management, Performance Management, Recruitmen, Training, and Development, Compensation, and partnership.

Population in this research is the whole employees of Suzuki car workshop in PT Sejahtera Sunindo Trada which are 100 people. In this research, the whole population is made as sample which is 100 employees. This research uses census research because total population made as sample. This kind data used in this research is primary data, which is obtained directly from the source through the questionnaire spread to the workshop employee in PT. Sejahtera

Sunindo Trada. Primary data is data and information that obtained directly from the source which is workshop employee in PT. Sejahtera Sunindo Trada, about the response of the employee extrinsic factor (X1), extrinsic factor (X2), commitment (Y1), and performance (Y2). Secondary data is the data that obtained form another source, for instance books, journal, and another literature.

Descriptive analysis is the picture or description of certain data which is seen from mean, deviational standard variant, maximum, minimum, sym, range, kurtosis, and skewness (distributional slant) (Ghozali, 2011). Quantitative analysis is the data processin in form of numbers. In this research data processing uses analytical tools as follows:

1. Validity Test

   Validity test used to test the accuration of the question that is used as the instrument in variable acknowledgment. Validation of the research data is determined by the accurate process of measurement (Indriantoro and Supomo, 1990). Validity test used to test the legitimate and valid or no in terms of questionnaire. Questioner stated as valid if the question within the questionnaire are able to reveal something that will be measured by the questionnaire (Ghozali, 2011).

   Validity test is done as much as 100 questionnaires that shared to the workshop employee of PT. Sejahtera Sunindo Trada as the respondense. In this research validity test isdone by look at Convergent validity from measurement model with the reflective indicator can be seen from the correlation between score item and indicator with the constructor score. Individual indicator considered as reliable if it has the correlation value above 0,70. Even so, in developmental stage research scale, loading 0,50 up to 0,60 still can be accepted.

2. Reliability Test

   Reliability test is the tools to measure a questionnaire which is the indicator of variable. A questionnaire stated as reliable if the answer of the correspondent on the question within the questionnaire is consistent from time to time (Ghozali, 2003). Individual indicator said as reliable if it has correlation value above 0,70. Even so, in developmental stage research scale, loading 0,50 up to 0,60 still can be accepted.

3. Data Analysis Technique

   In counting the data processing, this research uses Structural Equation Model (SEM) with the analytical tool Partial Least Squares (PLS). in order to get quantitative data, Likert scale is used. Analytical tool to test the hypothesis in this research is Multivariate Structural Equation Model (SEM) by using the Partial Least Squares (PLS) version 3.0 which is the alternative in structural equation method (Ghozali, 2014). Stages that have to be done for data analysis by using Partial Least Squares (PLS) version 3.0 analytical tool

3. Result and Discussion
3.1. Measurement Model

Convergent validity of measurement model with the reflective indicator can be seen from the correlation between score item or indicator with the construction indicator. Individual indicator can be said as reliable if it has value above 0,70. But even so, in the developmental stage research scale, loading 0,50 up to 0,0 is still acceptable. Figure 2 shows the validity test of the model result with the stage 1 convergent validity.
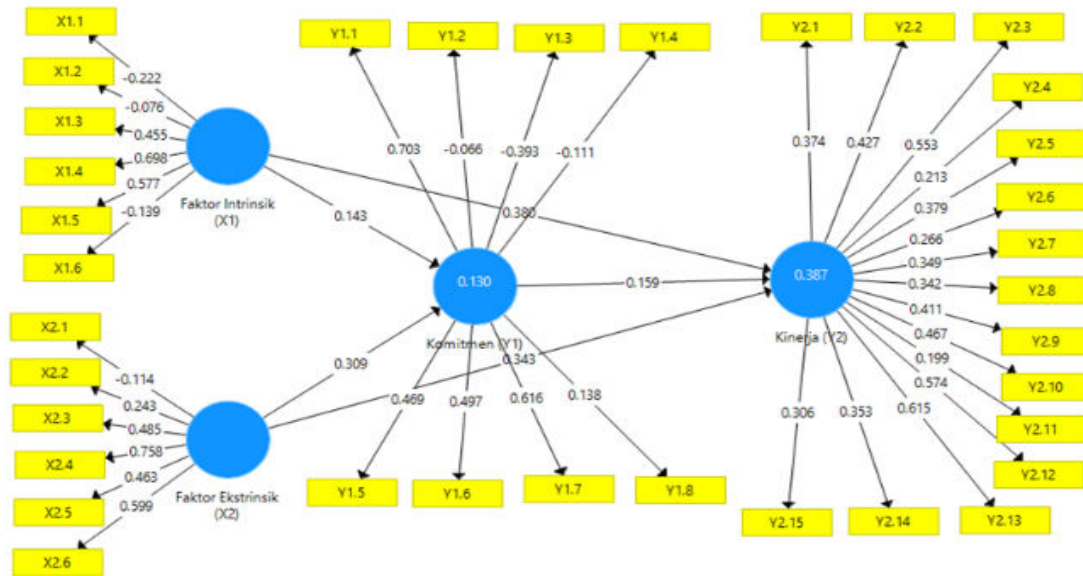
Figure 2. Test Result of Convergent Validity Model Stage 1
Source: Output result PLS, 2014

Based on Figure 2 above, it is seen that some indicators that shapes constructional variable are yet to be valid partly because of the value of loading factor is smaller than 0,5 which is X1.1, X1.2, X1.3, X1.6, X2.1, X2.2, X2.3, X2.5, Y1.2, Y1.3, Y1.4, Y1.5, Y1.6, Y1.8, Y2.1, Y2.2, Y2.4, Y2.5, Y2.6, Y2,7, Y2,8, Y2.9, Y2.10, Y2.11, Y2.14 AND Y2.15. Because of that retest of validity is done by erasing the indicator for the model. The retest validity result can be seen in picture 3 as follows:
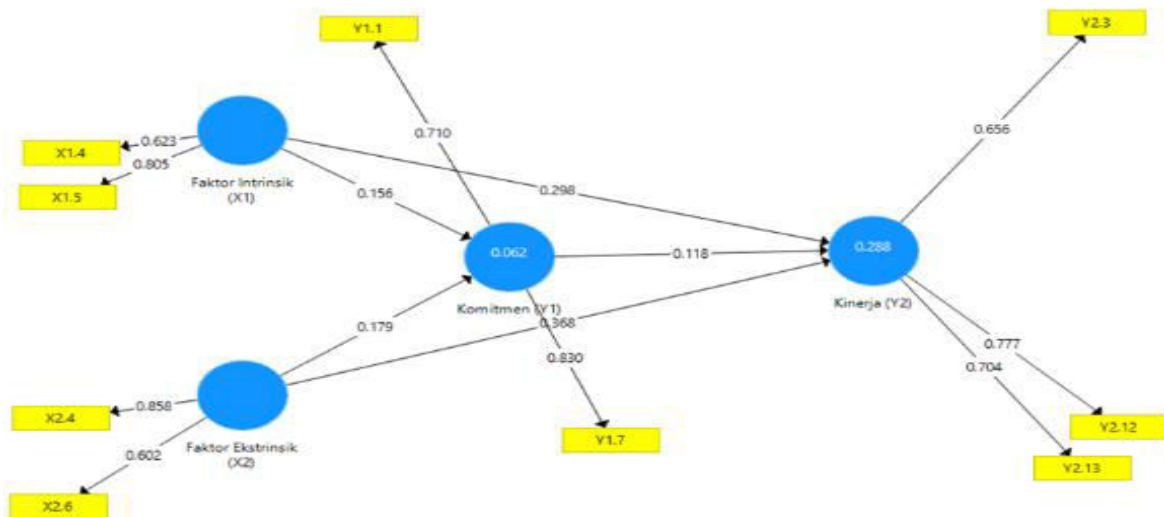
Figure 3. Tets Result of *Convergent Validity Model* Stage 2
Source: Output result, 2014

From Figure 3 above can be seen that all of the indicators that form constructional variable has already valid because the value of the loading factor is more than 0, 50.

Beside the con vergent validity model above, validity test can be done with discriminant validity model to ensure that every concept of each latent variable is different to another

variable. Discriminant validity model is good if every cross-loading value from each indicator in latent variable have the biggest cross loading value compare to another loading value on another latent variable. The next table is shows the test result of model validation by discriminant validity.

Tabel 1. Discriminant Validity

Variable	AVE	Composite Reliability	Croncbach's Alpha
Intrinsic Factor (X1)	0.518	0.679	0.571
Extrinsic Factor (X2)	0.550	0.703	0.694
Commitment (Y1)	0.597	0.746	0.629
Performance (Y2)	0.510	0.756	0.522

Source: Output result, 2014

Table above shows that all indicators have already valid forming its constructional variable bacuse it has the higher cross loading value compare to another constructional variable.

Table 2. Output Result of Reliability Model

Indicator	Intirinsic Factor (X1)	Extrinsic Factor (X2)	Commitment (Y1)	Performance (Y2)
X1.4	0.623	0.190	0.071	0.235
X1.5	0.805	-0.021	0.167	0.273
X2.4	0.133	0.858	0.157	0.377
X2.6	-0.020	0.602	0.133	0.227
Y1.1	0.103	0.182	0.710	0.135
Y1.7	0.159	0.127	0.830	0.229
Y2.2	0.186	0.438	0.183	0.656
Y2.12	0.299	0.190	0.112	0.777
Y2.13	0.296	0.232	0.214	0.704

Source: Output result, 2014

Reliability test is done by composite reliability which is measuring the internal and external consistency or measurement tools (reliable). The criteria of validity and reliability also can be seen from the value of composite reliability, croncbach alpha and average variance extracted (AVE). indicidual indicator considered as reliable if the correlation value is above 0, 70. But even so, in developmental stage research loading 0,50 up to 0, 60 still acceptable (Ghozali, 2014:1). The following table is the output result of reliability model.

Table 3. Test Result of R Square

Variable	R Square
Performance (Y2)	0.288
Commitment (Y1)	0.062

Source: Output result, 2014

From the table above can be seen 0,288 for construction value of performance eof employee, which means that intrinsic factor (X1), extrinsic factor (X2) and commitment (Y1) are

able to explain the performance of employee variant (Y2) as 28,8%. R value also exist in commitment (Y10) which influenced by intrinsic factor (Y2) and extrinsic factor (X2) as much as 0,02 or intrinsic factor (X1), extrinsic factor (X2) are able to 6,2% commitment (Y1).

Hypothesis testing is done by boostrapping procedural method. Significant value that is used (two wailed) t-value or t table value is 1,65 (significance level = 10%), 1,96 (significance level = 5%), and 2,58% (significance level = 1%). In this research significance value that is used is 5% = 1,9 for standard t table value. It means that if the t table value is more than 1,96, the testing is stated as significant, and in the opposite, if t table is less than 1,96 so the testing will be stated as insignificant. The result of hypothesis result is as follows:

Table 4. Result of Hypothesis Testing

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ($\mid$O/STDEV$\mid$)	P Values
(X2) ->(Y2)	0.368	0.388	0.095	3.864	0.000
(X2) ->(Y1)	0.197	0.209	0.111	1.973	0.107
(X1) ->(Y2)	0.298	0.297	0.099	3.008	0.003
(X1) ->(Y1)	0.156	0.161	0.122	1.274	0.203
(Y1) ->(Y2)	0.118	0.117	0.100	1.181	0.238

Source: Output result, PLS, 2014

3.2 Influence of Intrinsic Factor (X1) on Commitment (Y1)

Test result shows that there is no influence of intrinsic factor (X1) on commitment (Y1) that is shown with the t table value 1,96 with t count is 1,274 so hypothesis 1 states that intrinsic factor has positive influence on commitment is rejected.

According to COlquit, Lepine, and Wesson, (2009:67) commitment of organization is the strength of involvement of employee within organization. Employee that live in the organization for a long periode tend to be more committing to the organization compare to those who work in shorter periode. This thing can be seen from the years of service of respondense whereas there are 42 that have years of experience 0 – 5 years. In years of service 0 – 5 years, employee still considered as new and do not have commitment to the organization yet because in that years of experience, usually there are some employees that come in and resign. This thing also happens in PT Sejahtera Sunindo Trada; new employee (under 5 years) will tend to find another job that gives more if the employee is still at young age, better education, or even try to gain experience in work.

Green *et al.,* (2005) in Medina (2008) contend that employee which is significantly different in terms of age and gender with the employeer will have lower work satisfaction and commitment to organization compare to other employees. The result of this research is corresponding with the research of B. Medina Nilasari (2008) which is stated that age and gender differences are not having any influence on commitment for organization and work satisfaction fo employee of Grapari Telkomsel Jakarta.

3.3 Influence of Extrinsic Factor (X2) on Commitment (Y1)

Result of this research shows that there is influence of extrinsic factor (X2) on commitment (Y1) which is shown with the t table value of 1,96 with the t count of 1,93 so that hypothesis 2 is accepted. It means that extrinsic factor (X2) variable has positive significant influence on commitment (Y1) of employee of PT Sejahtera Sunindo Trada in workshop section.

Babakus et al., (1993) in Wilujeng (2012) contend that there is influence of compensation fairness on organizational commitment. Inverson and Roy (1994) (Roberts Coulson 1999) in

WIlujeng (2012) connected between payment fairness through work satisfaction that can build organizational commitment and minimize the turnover level.

In this research can be seen that the answer of the corespondense within the questionnaire that extrinsic factor which is partner can increase the performance of employee by having good relationship with fellow work partner will cause to emerge brotherhood that can increase performance. This result of the research is in accordance with the research of WIlujeng Rahayu (2012) that stated that perception of compensation fairness has positive influence and significant on commitment of employee of PT PG Rajawali I Unit I Krebet Baru Batulawang Malang.

3.4 Influence of Commitment (Y1) on Perfromance (Y2)

The result of the research shows that there is no influence of commitment (Y1) on Performance (Y2) that is shown with t table value of 1,9 with t count of 1,181 so that hypothesis 3 that stated commitment has positive influence on performance is rejected.

Kalbers and Fogarty (1995) in Sri Trisnaningsih used two views about organizational commitment which are affective and continuance. The result of the research stated that affective organizational commitment related to one professionalism view which is dedication to profession, meanwhile continuance organizational commitment related positively with the experience and negatively with the social obligation professionalism view. The result of this research is in accordance with the research of Sri Trianigsih that stated that there is significant influence between organizational commitment variable on accountant lecturer variable.

3.5 Influence of Intrinsic Factor (X1) on Performance (Y2)

The result of the research shows that there is influence of Intrinsic factor (X1) on performance (Y2) which is shown by t tablevalue of 0,9 with t count of 3,008 so that hypothesis 4 is accepted. It means that intrinsic factor (X1) variable has significant positive influence on performance of employee (Y2).

In this research, can be seen that the answer of the respondense in the questionnaire that intrinsic factor indicator which is age has important role in working for company. Because the respondense has productive ages or in another word there is no respondense that have age more than 50 years. In productive age, someone will be more enthusias to do their life activities like working.

Education is teaching learning process in terms of increasing the ability of human resources in doing their job. Meanwhile, job is showing the position, responsibility, authority, and right of someone within the organization (Edison 2009:96-97). The result of this research is in accordance with the research of Rahmatina Aulia J.S that education has positive influence on performance of inpatient nurse in RSUD in Siak Region.

3.6 Influence of Extrinsic Factor (X2) on Perfromance (Y2)

The result of this research shows that there is influence of extrinsic factor (X2) on performance (Y2) which is shown by t table value of 1,96 with t count of 3,864 so that hypothesis 5 is accepeted, which means that extrinsic factor (X2) variable has significant positive influence on performance of employee (Y2).

According to Schermerhorn (1999:323), training is series of activities that give chances to get and increase the skill that related to work. If by training can increase the skill, then the skill will be developed also.

The result of this research is in accordance with the research of Paulus Saweduling (2013) which stated that compensation and training and development have positive influence on performance of teacher in SMP in Talaud Island Region.

4. Conclussion
4.1 Conclussion
1. Intrinsic Factor (X1) has no positive influence on Commitment of Employee (Y1).

2. Commitment (Y1) has no positive influence on Perfromance of Employee (Y2).
3. Intrinsic Factor (X1) has positive influence on Perfromance of Employee (Y2).
4. Extrinsic Factor (X2) has positive influence on Perfromance of Employee (Y2).

4.2 Sugestions

1. In this research, intrinsic factor (X1) variable has no influence and has low t count of 1,274 on commitment (Y1). In that case, all things related to commitment needs to be increased, such as giving training that more intense which in this term the leader has to rate the test during the training also so that the leader know how much the employee understand the job. If the employee understands the job, it will increase the commitment of the employee to work. Leader giving more advise to the employee that has younger age or employee that work under 5 years especially if there is problem during the work, so that the employee become more understand in working and also the employeer will be the role model in working enthusias so that the employee become more enthusias in doing their job and also can increase the commitment in working

2. In this research, commitment variable (Y1) also has no influence on performance (Y2), so everything related to those variables need to be improved, for instance the understanding in work (given training that is suitable with SOP to the employee per section) and more improving the sense of commitment for employee so that it can get a better performance. Also in giving the compensation (insentive/bonus) according to the position of employee or according to the work of the employee itself. Because of giving compensation that suitable or more will increase the commitment and performance of the employee

3. For future research expected to use a different analytical tool, for instance covariance-based SEM so that it can describe the result that is close to the real condition, because it needs a bigger amount of sample which is minimum by 200 respondenses. Beside that, this research refers to the theory of concept according to Mangkuprawira (2003:248), it is expected for future research can use the concept based on another expert, for instance, according to Mathis & Jackson (2006) or Titisari (2014)

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THE ANALYSIS OF FACTORS WHICH INFLUENCE THE MANAGERIAL AND INSTITUTIONAL OWNERSHIP ON BASIC INDUSTRY AND CHEMICAL SECTORS AT INDONESIA STOCK EXCHANGE 2010 - 2014

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Abstract

The purpose of this study is to determine the effect of the following corporation's variables: value, size, debt policy, growth, liquidity, dividend policy on managerial and institutional ownership in the base and chemical industry sector listed on the Indonesia stock exchange during 2010 through 2014. The findings showed that: (i) Corporation's value and size variables have significant negative effect on managerial ownership; liquidity variable has significant positive effect on managerial ownership. On the other hand, debt policy, growth and dividend policy variables have non-significant negative effect on managerial ownership. (ii) Corporation's value and size variables have significant positive effect on institutional ownership; debt policy variable has significant negative effect on institutional ownership, while growth, liquidity and dividend policy variables have non-significant positive effect on institutional ownership.

Keywords: Agency theory, Ownership structure, Corporate value.

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh nilai badan usaha, ukuran badan usaha, kebijakan utang, pertumbuhan badan usaha, likuiditas, dan kebijakan dividen terhadap kepemilikan manajerial dan kepemilikan institusional pada badan usaha-badan usaha sektor industri dasar dan kimia yang terdaftar di Bursa Efek Indonesia untuk periode 2010-2014.Temuan penelitian menunjukkan bahwa (i) variabel nilai badan usaha dan ukuran badan usaha berpengaruh negatif signifikan terhadap kepemilikan manajerial, variabel likuiditas berpengaruh positif signifikan terhadap kepemilikan manajerial, disisi lain variabel kebijakan utang, pertumbuhan badan usaha dan kebijakan dividen berpengaruh negatif tidak signifikan terhadap kepemilikan manajerial (ii) variabel nilai badan usaha dan ukuran badan usaha berpengaruh positif signifikan terhadap kepemilikan institusional, variabel kebijakan utang berpengaruh negatif signifikan terhadap kepemilikan institusional, sedangkan variabel pertumbuhan badan usaha, likuiditas dan kebijakan dividen berpengaruh positif tidak signifikan terhadap kepemilikan institusional.

Kata kunci: Teori keagenan, Struktur kepemilikan, Nilai perusahaan.

1. Research Background

Corporation is an entity which the main aim is maximizing the owner's wealth through the corporation value maximization. To achieve the goal, the management (Managers, CEO, Company directors) have to give their best effort in running a corporation.

Schroder *et al.*, (2001) in Christiawan and Tarigan, (2007) stated the relationship between manager and stock holder in agency theory is drawn as relationship between agent and principal. Manager role is as the agent and stock holder as the principal. Manager has a role in taking business decision in terms of 3 main financial decisions which are investment, funding decision, and operational decision.

Manager has the obligation to maximize the stock holder's prosperity. But on the other side, manager also has the interest to maximize their own prosperity. With more information, manager can take action which aim is for their profit and do not care about stock holder interest (Himmelberg, 1999).

Octaviani (2013) also stated similar think that with the separation of the function between ownership and management, therefor will cause negative effect which is corporation managerial discretion to maximize their own profit with the cost that has to be borne by the corporation owner.

Husnan (2001) in Prasetyo (2013) stated the corporate ownership structure which is listed in Indonesia stock market is dominated by the stock holder in the form of business institution. The corporates ownership structure charateristics in Indonesia have high concentration level so that sometimes the founder can be the board of direction or commissioner and stock holder that can control management of company. The agency problem in Indonesia stock market is the agency conflict between majority stock holder and minority stock holder. Ownership structure (managerial and institutional ownership) can reduce the agency conflict. So that factors that affecting the ownership become important to be researched.

Table 1. Some Research Result that Test Ownership Structure

Variable	Research of Managerial Ownership					Reseacrh of Institutional Ownership			
	Cheung & Wei (2006)	Drakos & Bekiris (2010)	Davies *et al.,* (2005)	Shyu (2013)	Taswan (2003)	Bhattacharya & Graham (2009)	Tsai & Gu (2007)	Prasetyo (2012)	Al-Najar (2010)
Tobin's Q	-*	+	+	+*		-	+*		
Firm Size	-	-*		-		+	+	-	+
Debt		-*		-		-	-	+	-
Growth	-							-	
Liquidity			+						+
DPR		-		-		+*	+	+	-*

Notes: + is positive significant, +* is positive not significant, - is negative significant, -* is negative not significant
Source: Cheung & Wei (2016), Drakos & Bekiris (2010), Davies *et al.* (2005), Shyu (2013), Taswan (2003), Bhattacharya & Graham (2009), Tsai & Gu (2007), Prasetyo (2013), Al-Najjar (2010)

2. Research Methods
2.1 Types of Research

This research is causalresearch that aims to know the effect of independent variables which are corporate value, size, debt policy, growth, liquidity, dividend policy to dependend variables which are managerial and institutional ownership. From the findings, this research is pure research. Based on the types of independent and dependend variables that are researched, this research uses quantitative research in answering formulation of the problems.

2.2 Research Design and Operational Definition
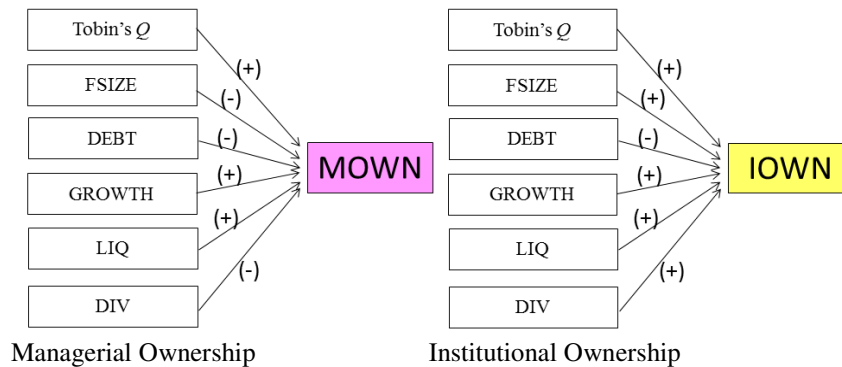
Figure 1. Research Hypothesis

MOWN = 0,238 – 0,024 Q – 0,012 FSIZE – 0,012 DR – 0,008 GROWTH +0,00022 LIQ – 0,001 DPR

IOWN = 0,321 + 0,071 Q + 0,027 FSIZE – 0,074 DR + 0,015 GROWTH + 0,00012 LIQ + 0,006 DPR

Table 2. Variable Operation Definition

No	Varible	Defination	Formula
1	Managerial Ownership (MOWN)	Stock ownership owned by management (Board of Directions) in corporate percentage	$MOWN = \dfrac{\text{The number of shares owned by the board of directors}}{\text{Outstanding shares of business entity}}$
2	Institutional Ownership (IOWN)	Shares owned by instituation or corporate percentage	$IOWN = \dfrac{\text{The number of shares owned by the institutional}}{\text{Outstanding shares of business entity}}$
3	Corporate Value (Q)	Corporate ability to manage resource that available in order to increase stock holder's prosperity	$Tobins'sQ = \dfrac{\text{value of market capitalization} + \text{total debt}}{\text{Total debt}}$
4	Corporate Size (FSize)	Size of corporation that is measured form total sales	$F\,size = In\,(Total\,sales)$
5	Debt Policy (DEBT)	Corporation fund dicision in order to get source of fund in terms of funding company operational activity	$Debt\,Ratio = \dfrac{Total\,debt}{Total\,asset}$
6	Corporate Growth (GROWTH)	The value that shows total asset growth of the corporation in the future	$GROWTH = \dfrac{Total\,asset_n - Total\,asset_{n-1}}{Total\,asset_{n-1}}$
7	Liquidity (LIQ)	The image of company ability to finish their short-term liabilities	$Current\,Ratio = \dfrac{Current\,asset}{Current\,liabilities}$
8	Dividend Policy (DIV)	Decision about how many recent profits that paid as dividend as the substitution of investment that invested and for reinvestment within	$DPR = \dfrac{Dividen\,per\,share}{Earnings\,per\,share}$

the company

2.3 Data Collecting Procedure

Data collecting steps that is done in this research firstly is by comparing past jurnal of researcher that related to ownership structure in order to get variables to be researched. Second is choosing the right formulation for each variable. Third is by downloading the financial report of 9 corporate industrial sectors in *www.idx.co.id* to choose the most representative industrial sector to be researched. Data collected is the managerial and institutional ownership percentage, total debt, total sales, current asset, current liabilities, divident per share and earning per share during 2010-2014 periode, except for total asset data during 2009-2014. Fourth is choose the industrial sector throughout managerial and institutional ownership average percentage rank, researcher found the most representative industrial sector to be researched are basic and chemical industry. Fifth is to process the data in form of ratio. Sixth is tabulation of the data to Microsoft Excel.

3. Result and Discussion

Table 3. Partial Test Result for Managerial Ownership Depended Variables

MOWN = 0,238 – 0,024 Q – 0,012 FSIZE – 0,012 DR – 0,008 GROWTH +0,00022 LIQ – 0,001 DPR

Independend Variable	Coefficient	Sig.	Hypothetical Direction	Information
Constant	0,238	0,000		
Q	-0,024	0,017	Positive	H_1 rejected and there is Type I Mistake
FSIZE	-0,012	0,000	Negative	H_1 accepted
DR	-0,012	0,207	Negative	H_1 rejected
GROWTH	-0,008	0,709	Positive	H_1 rejected
LIQ	0,00022	0,002	Positive	H_1 accepted
DPR	-0,001	0,759	Negative	H_1 rejected

Source: Data processed

Corporation value variable has coefficient of -0,024 with the significance of 0,017. This thing means H_1 is rejected and there is type I mistake, corporation value has significant negative effect on managerial ownership. This research result is contradictory with the research result of Davies *et al.,* (2005) which found that the corporation value has significant positive effect on managerial ownership. Meanwhile, Cheung and Wei, (2006) found that corporation value has insignificant negative value on managerial ownership. Meanwhile, Drakos and Bekiris, (2010) and Shyu, (2013) found that corporation value has insignificant positive effect on managerial ownership.

Corporation value has significant negative effect on managerial ownership; this thing is supported by the research done by Wahidawati, (2003). The increasing corporation value is decreasing the stock ownership by manager. Employee Stock Options Plan (ESOP) is one of the forms of compensation that is given to the employee, especially executive employee; stock option compensation gives the right to management to buy some amount of company stock in the future with the price which is determined when the option is offered before the due date, as long as the employee is still working for the company (Huddart, 1994). The purpose of the ESOP in the company is to reduce the agency problem and also increasing the corporation value through the performance improvement. With the ESOP mechanism, employee and management have the right to buy the company stock in the date and price that has been determined to buy the

company stock. Therefore, when the corporation value tends to increase, the employee and management will realize their options by selling the stock that they have in order to get profit. Therefore, stock ownership of employye and management will decrease.

Corporation value has coefficient of -0,012 with significance 0,000. This thing means that H_1 is accepted, corporation size has significant negative effect on managerial ownership. This research result is supported by research of Cheung and Wei, (2006), Drakos and Bekriris, (2010), SHyu, (2013), and Taswan, (2003). Corporation size variable has significant negative effect on managerial ownership because of the bigger corporation with no increasing of stock ownership by manager percentage is the smaller managerial ownership proportion.

Debt policy variable has coefficient of -0,012 with significance of 0,207. This means that H_1 is rejected; debt policy has insignificant negative effect on managerial ownership. This thing is supported by the research of Drakos and Bekiris (2010), Jensen *et al.,* (1992) and Wahidawati (2003). Meanwhile Shyu (2013) stated that debt policy has significant negative effect on managerial ownership. But Taswan (2003), in the other hand, stated that debt policy has significant positive effect on managerial ownership. Debt policy variable shows negative and insignificant relationship on managerial ownership that can be explained with free cash flow hypothesis, which is company that uses high debt level causing financial fied cost burden from the debt will get higher so that it will decrease the net profit that available for common stockholders (earnings available to common stockholders). That thing causes free cash flow that is about to be paid to the company investor in form of dividend also reducing. Therefore, manager will tend to lower their ownership. The insignificant debt policy variable caused by manager has perfect information about corporation prospect so that debt variable becomes determinant factor of stock ownership by manager

Company growth variable has coefficient of -0,008 with significance of 0,709. This means that H_1 is rejected; corporation growth has insignificant negative effect on managerial ownership. This research result is supported by Cheung and Wei (2006) and also Liang *et al.,* (2001) that stated that corporation growth has insignififcant growth effect on managerial ownership. However contradictory with research conducted by Taswan (2003) which stated that corporation growth has significant negative effect on managerial ownership. Corporation value variable shows negative and insignificant way towards the managerial ownership, corporation growth measured by total asset growth indicates that the larger corporation total asset increasing without stock ownership by manager percentage increasing so that managerial ownership proportion in corporation will get smaller. The insignificant of corporation growth variable reflects that corporation growth does not become the determinant factor of stock ownership by manager. This thing is proven by the number of managerial ownership that remains the same eventhough there is significant growth in corporation asset.

Liquidity variable has coeeficient if 0,00022 with significance 0,002. This means that H_1 is accepted, liquidity has significant positive effect on managerial ownership. This research result is in accordance with the research conducted by Davies *et al.,* (2005) which stated that liquidity has significant positive effect on managerial ownership. Company with bad liquidity indicates that the company cannot pay their obligation and cannot minimize the bankruptcy risk and financial difficulty within the company so that the menagaer will lower the stock ownership in the company and vice versa.

Dividend policy variable has coefficient of -0,001 with significance 0,759. This means that H_1 is rejected; dividend policy has insignificant negative effect on managerial ownership. This research result is contrary with the research results conducted by some previous researcher which are Drakos and Bekiris (2010), Shyu (2013), and Taswan (2003) which stated that dividend policy has significant negative effect on managerial ownership. Dividend policy variable shows a negative and insignificant relationship towards managerial ownership canbe explained with free cash flow hypothesis (Jensen, 1986 in Ismiyanti and Hanafi, 2003). Net

profit that is available for common stock holder (EAC) affecting managerial ownership, which in this terms EAC can be distributed to the stock holders in form of dividend or reinvestment to the company as retained earnings to fund the next company activity. The higherdividend distributed to the stock holders for investment will decrease which will affect the decreasing of investment earnings that supposed to be get by investor. Therefore, manager will be less interesting in investing their fund to the company or in the other words it will decrease the ownership level. The insignificant of dividend policy variable because of the perfect information about company growth prospect that owned by management makes dividend policy does not become determinant factor in managerial ownership. This thing is proven by research sample in basic and chemical industry sectors corporation during 2010-2014 periode which even it is not distribute the dividend but the stock ownership by manager tend to remain unchanged (permanent). This result is in accordance with the research conducted by Jensen *et al.,* (1992) and also Ismiyanti and Hanafi (2003).

Table 4. **Partial Test Result for Institutional Owneship Dependend Variable**

IOWN = 0,321 + 0,071 Q + 0,027 FSIZE – 0,074 DR + 0,015 GROWTH + 0,00012 LIQ + 0,006 DPR

Independent Variable	Coefficient	Sig.	Hypothesis Direction	Information
Constant	0,321	0,012		
Q	0,071	0,031	Positive	H1 accepted
FSIZE	0,027	0,001	Positive	H1 accepted
DR	-0,074	0,018	Negative	H1 accepted
GROWTH	0,015	0,826	Positive	H1 rejected
LIQ	0,00012	0,836	Positive	H1 rejected
DPR	0,006	0,664	Positive	H1 rejected

Source: Data processed

Corporation value variable has coefficient of 0,071 with significance 0,031. This means that H1 is accepted, coporation value has significant positive effect on institutional ownership. This thing is in contrary with the research result of Battacharya and Graham (2009) that found the result of corporation value has significant negative effect on institutional ownership. Corporation value has significant positive effect on institutional ownership. This thing caused by institutional ownership has supervision function in controlling agency problem so that agency cost decline that causes the increasing of corporation value that affect to stock ownership increasing by institutional investor within the corporation (Crutchley *et al.,* (1999) in Prasetyo (2013).

Corporation size variable has coefficient of 0,027 with the significance 0,001. This means H1 is accepted, corporation value has significant positive effect on institutional ownership. This research result is supported by the research of Bhattacharya and Graham (2009), Tsai and Gu (2007), and Al-Najjar (2010). However, the research result is different with the research result of Prasetyo (2013) which stated that corporation size has significant negative effect on institutional. Corporation size has significant positive effect on institutional ownership because of the big company has adequate resource and ability to minimize company investment risk, so that the company tend to be spared from financial difficulty and bankruptcy risk. Because of that, institutional investor will choose to invest and increase their stock ownership in big companies.

Debt policy variable has coefficient of -0,074 with significance 0,018. This means that H1 is accepted; debt policy has significant negative effect on institutional ownership. This result is supported by research conducted by Tsai and Gu (2007) and also Al-Najjar (2010), meanwhile Prasetyo (2013), in the other hand, found that debt policy effect on institutional ownership is

significant positive. But, Bhattacharya and Graham (2009) stated that debt policy has negative effect but insignificant on institutional ownership. Debt policy has significant negative effect on institutional ownership because of the institutional investor in Indonesia has pretty big percentage amount of stock in company so that they can be agent to monitor and supervise on fund decision making that is made by the company, whereas institutional investors do not like fund resource through a bigger amount of debt. Because of that, the lower use of company debt will increase the number of stock ownership by institutional investor.

Corporation growth variable has coefficient of 0,015 with significane 0,826. This means that H1 is rejected; corporation growth has insignificant positive effect on institutional ownership. This research result is contradictory with the research result of Bhattacharya and Graham (2009) which stated that corporation growth has insignificant negative effect on institutional ownership; meanwhile the research conducted by Prasetyo (2013) stated that corporation growth effect on institutional ownership is significant negative. Corporation growth has insignificant negative effect on institutional ownership shows that high corporation growth puch institutional investor to invest in the company. This thing is caused by by the high corporation growth level will give more capital gain for institutional investor compare to low corporation growth level. The insignificant corporation growth as institutional investor determinant factor is caused by the purpose of investment by institutional investor is for long term so that eventhough there is significant increasing and decreasing of corporation growth, the stock ownership by institution tend to remain the same (permanent).

Liquidity variable has coefficient of 0,00012 with significance 0,836. This means that H1 is rejected; liquidity has insignificant positive effect on institutional ownership. This research result is different with the research of Al-Najjar (2010) which is stated that liquidity has significant positive effect on institutional ownership. Liquidity shows insignificant positive relationship on institutional ownership that shows high liquidity usually considered as positive signal for institutional because it indicates that company can easily pays its obligation and face low bankruptcy level. The insignificant result shows that liquidity does not become the stock ownership by institutional ownership determinant factor. This thing because long term goal of institutional investor on investment and proven by the research data that show eventhough corporation liquidity is increasing significantly, however stock ownership by institution tend to remain the same (permanent).

Dividend policy variable has coefficient of 0,006 with significance 0,664. This means that H1 is rejected; dividend policy has insignificant positive effect on institutional ownership. This research result is supported by Tsai and Gu (2007), meanwhile Al-Najjar (2010) found that dividend policy effect on institutional ownership is significant negative. But Prasetyo (2013) found that dividend policy has significant positive effect on institutional ownership. Dividend policy has insignificant positive effect on institutional ownership which shows that institutional investor will be more interesting to invest on company with strict control mechanism (high) with high dividend. Beside that, stock ownership that relatively high in the company make investor hope that their investment in a company is safe, has high return whether in form of dividend or capital gain (Crutchley *et al.,* (1999) in Prasetyo (2013)). The insignificant result shows that institutional investor is less considering corporation dividend policy when they make their investment decision. This thing because stock investment that done by institutional investor is more to control to company as the stock holder, because the higher institutional ownership, the stronger external control on corporation and reduce agency cost.

4. Conclusion

Based on the hypothesis testing by conducting t test in managerial ownership dependend variable (MOWN), figured out that corporation value variable has significant negative effect on MOWN, corporation size variable has significant negative effect on MOWN, dept policy

variable has insignificant negative effect on MOWN, corporation growth variable has insignificant negative effect on MOWN, liquidity variable has significant positive effect on MOWN, and dividend policy variable has insignificant negative variable on MOWN. With the level of α=5% in basic and chemical industrial sector corporation that registered in BEI 2010-2014 periode. Based on MOWN variable determination coefficient data can be explained by independend variable of 42,8%, meanwhile the rest 57,2% explained by another variable that cannot be inserted in this research.

Based on hypothesis testing by conducting t test on Institutional ownership depended variable (IOWN), figured out that corporation value variable has significant positive effect on IOWN, corporation size variable has significant positive effect on IOWN, dept policy variable has significant negative effect on IOWN, corporation growth variable has insignificant positive effect on IOWN, liquidity variable has insignificant positive effect on IOWN, and dividend policy variable has insignificant positive variable on IOWN. With the level of α=5% in basic and chemical industrial sector corporation that registered in BEI 2010-2014 periode. Based on IOWN variable determination coefficient data can be explained by independend variable of 12,3%, meanwhile the rest 87,7% explained by another variable that cannot be inserted in this research.

For corporation owner and management, agency cnclift in corporation can be minimalized witht the stock ownership by managers. Managements are suggested to increase their ownership in profitable stock. Beside that, corporation owner is suggested to always do control mechanism related to corporation management activity and decision taking that done by management. This research also gives the image of corporate governance in which corporation governance application in corporation environment is based on needs and awareness that corporation needs system and process that managing the relationship and also able to increase the corporation value in the eye of another customer, stock holder, government, creditors, and also interest holder (stakeholders) by referring to 5 principles: transparency, autonomy, accountability, responsibility, and fairness by always pay attention to norm and basic budget. Therefore, company is suggested to apply good company governance in order to achieve company goal.

For investor, it is better to invest in company that has high managerial ownership. Because with the high managerial ownership, manager will also act as stock holder in the company and have the same goal with another investor. Therefore, manager and manager interest can be harmonized, which is for maximizing stock holder wealth. But then, investor has to consider another factor in investing their fund like corporation performance that can be found out by done some fundamental and technical analysis.

This research has limitation that can be opportunity to be conducted as further research. First, this research does not consider another variable that can possibly affect the research model. This thing can bee seen in the small value of R^2 which indicates that there is another variable that affect managerial and institutional ownership. Second, this research is limited to basic and chemical industrial sector corporation which are registered in Indonesia Stock Market.

With the limitation of the research, students and researcher that want to conduct that kind of research are suggested to: (1) add another independend variable that can affect on managerial or institutional ownership, such as profitability, risk, investment chance. (2) Add researched sector, covering all sectors in BEI. (3) Use MANOVA (Multivariate Ananlysis of Variance) statistical technique in order to analyze independend variable effect on some dependend variable simultaneously. Remembering that there is a chance ot use MANOVA testing.

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THE FACTORS THAT INFLUENCE THE DIVIDEND POLICY AND ITS IMPACT ON FUTURE EARNINGS GROWTH OF COMPANY IN CONSUMER GOODS INDUSTRY SECTOR LISTED IN BEI DURING 2010-2014 PERIOD

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Abstract

This study aimed to analyze the factors that influence the dividend policy and its impact on future earnings growth. Variable used include size, leverage¸ lagged dividend policy, growth, and profitability. This study uses a quantitative approach to the analyze and use two stages least square as a model. This study used a sample of firm in the sector of consumer goods industry that distribute the minimum dividend 2 times on 2010-2014. The results showed that variable size, dividend payment of the previous period, and profitability has a positive and significant impact on dividend policy. While variable growth leverage and significant negative effect on dividend policy. For the second model variables profitability have a significant negative effect on the future earnings growth. While the variable leverage has significant negative effect on the future earnings growth. Other variables such as dividend policy, size, and growth have no significant effect on future earnings growth.

Keyword: Dividend policy, Profitability, Firm growth, Firm size, Financial leverage

Abstrak

Penelitian ini bertujuan untuk menganalisis faktor-faktor yang mempengaruhi kebijakan dividen dan dampaknya terhadap pertumbuhan pendapatan di masa depan. Variabel yang digunakan meliputi ukuran, leverage¸ tertinggal kebijakan dividen, pertumbuhan, dan profitabilitas. Penelitian ini menggunakan pendekatan kuantitatif untuk menganalisa dan menggunakan dua tahap least square sebagai model. Penelitian ini menggunakan sampel perusahaan di sektor industri barang konsumsi yang membagikan dividen minimum 2 kali pada tahun 2010-2014. Hasil penelitian menunjukkan bahwa ukuran variabel, pembayaran dividen pada periode sebelumnya, dan profitabilitas berpengaruh positif dan signifikan terhadap kebijakan dividen. Sedangkan variabel pertumbuhan leverage dan signifikan berpengaruh negatif terhadap kebijakan dividen. Untuk variabel model kedua profitabilitas memiliki pengaruh negatif yang signifikan terhadap pertumbuhan pendapatan masa depan. Sedangkan variabel leverage berpengaruh signifikan terhadap pertumbuhan pendapatan di masa depan. Variabel lain seperti kebijakan dividen, ukuran, dan pertumbuhan tidak berpengaruh signifikan terhadap pertumbuhan pendapatan di masa depan.

Kata kunci: Kebijakan dividen, Profitabilitas, Pertumbuhan perusahaan, Ukuran perusahaan, Leverage keuangan.

1. Research Background

Dividend policy has been analyzed for decades, but until now the reasons for

establishing a dividend policy by the company that can be universally accepted (Rafique, 2012) have yet to be found. Dividend policy is one of the most difficult topics to solve from 10 financial economics problems (Rafique, 2012). The harder we stare dividend picture, the more it looks like a puzzle, with pieces that do not fit in the same (Black, 1976, in Rafique, 2012). Many researchers who choose the advanced countries as the research object, so that the dividend policy of developing countries rarely encountered in financial literature. Dividend policy in developing countries has different characteristics than the developed countries (Rafique, 2012).

Table 1. Some of the Dividend Policy Test Result

Research (Year)	Independent Variable	Finding
Kajola, Desu, and Agbanike (2015)	Firm growth, firm size, financial leverage, profitability, liquidity, tangibility, dividend volatility	Firm size, financial leverage, profitability, dividendvolati
Leon and Putra (2014)	Corporate tax, firm growth, profitability, cash flow, debt to equity ratio, market to book ratio	Firm growth has negative effect and profitability has positive effect
Rafique (2012)	Current or anticipated earnings, corporate tax, firm growth, firm size, financial leverage, profitability	Firm growth and profitability has positive effect

From Table 1 above, chosen few variables with a minimum of two journals with different research results or used in one study but the results are significant. So, in this study were chosen variables, namely: sales growth, firm size, financial leverage, and dividend payments in the previous period.

Table 2. Some of the Future Earnings Growth Test Results

Researcher (Year)	Independent Variable	Finding
Zhou and Ruland (2006)	Dividend policy, firm size, profitability, firm leverage, past earning growth	Dividend policy and leverage have positive effect, firm size, profitability, and past earning growth have negative effects
Flint, Tan, and Tain (2010)	Dividend policy, firm size, profitability, firm leverage, past earning growth	Dividend policy has positive effect, leverage and past earning growth have negative effects

From Table 2 above, the chosen few variables with a minimum of two journals with different research results and used in one study but the results are significant. So, in this study were chosen variables, namely: dividend payout ratio, size, and financial leverage, profitability.

Table 3. Average Cash Dividend per Share Period 2010-2015

No.	Industry	Average Cash Dividend
1	Agriculture	64,57
2	Mining	76,55
3	Basic Industry and Chemicals	47,93
4	Miscellaneous Industry	83,51
5	Consumer Goods Industry	1313,44
6	Property, Real Estate and Building Construction	12,40
7	Infrastructure, Utilities and Transportation	20,17

| 8 | Finance | 35,72 |
| 9 | Trade, Services and Investment | 18,42 |

Based on Table 3 above, it can be seen that the dividend companies in the industrial sector has an average consumption of the highest compared to companies engaged in other sectors. Terms of assumptions sample selection are a company in the consumer goods industry that distributes dividends for 2 times during the period 2010-2014.

1.2 Literature Review

Here is some literature review either it is a review of theoretical and empirical research that will be used as the basic theory in building a conceptual model of research and develop hypotheses.

1.2.1 Effect of Dividend Policy against Firm Size

Eriotis (2005), in Rafique, (2012) reported that company in Greece each year distributes dividend payout ratio depends on the specified income and the size of the company. Lloyd *et al.,* (1994) in Rafique, (2012) says that the size of the company has no say in determining the dividend payout ratio. They found that a large company is more mature and easier to obtain outside funding (capital market), thereby reducing reliance on internal funding, this has led the company could distribute dividends in larger quantities. In addition, large companies pay dividends in large quantities to reduce agency cost (Lloyd *et al.,* 1985 in Rafique, 2012). Thus, the firm size has a positive relation to the dividend policy.

H1: Firm size has a positive relation on dividend policy.

1.2.2 Effect of Financial Leverage to Dividend Policy

In agency theory said that one of the functions of dividend payment is monitor outcomes of performance management. This supervision will avoid the policy manager to invest in projects that are less profitable. Debt also has the same functionality as dividends in reducing agency cost. With the debt, the debtor will oversee the company, thereby reducing the risks of investing in projects that are less profitable. It can be concluded that while the company has a high debt, the supervisory function of the dividend will be reduced, and vice versa. Therefore, financial leverage has negative effect on dividend policy.

H2: Financial leverage has negative effect on dividend policy.

1.2.3 Effect of Previous Dividend Period on Dividend Policy

Dividend payment set by the company depends not only on current income, but also past earnings and dividend payments during that period (Pruitt and Gitman, 1991, the Sunday, 2015). If the company lowers the amount of the dividend, the company sends a negative signal to the company. So, the number of dividends paid today also influenced the dividend already paid in the previous period. So, we can conclude that there is a positive correlation between previous dividend payments period and dividend payments during this period.

H3: Previous dividend period has positive effect on dividend policy.

1.2.4 Effects of Growth on Dividend Policy

Growth can affect dividend policy. Companies with a high growth rate tend to hold back earnings to make investments rather than distribute them as dividends. Strong growth requires substantial funds, so it can reduce the payment of dividends (Myers, 1984 in Leon, 2014). Amidu and Abor, (2006) found a negative relationship between sales growth and dividend payments. Gill *et al.,* (2010) also found a negative relationship between sales growth dividend policies.

H4: Growth has negative effect on dividend policy.

1.2.5 Effect of Profitability on Dividend Policy

Amidu and Abor, (2006 in Leon, 2014) found that companies with a high level of profitability tend to pay dividends in large numbers. Similar results were found by Pruit and Gitman, (1991) that the profitability has a positive influence on dividend policy. Baker and

Powell, (2000) states that companies with high profit level is expected to pay higher dividends than companies that have low profitability level.

H5: Profitability has positive effect on dividend policy.

1.2.6 Effect of Dividend Policy on Future Earning Growth

Jensen, (1986, in Zhou 2006) explains that a manager in a company that has a free cash flow of excess lead managers to over-invest. So that the lower dividend payments resulting a lower growth as well. This is a result of over-investment.

H6: Payment dividend payment has positive effect on future earning growth.

1.2.7 Effet of Firm Size on Future Earning Growth

Chan *et al.,* (2003) found that large companies tend to have a lower growth than small firms. While small companies are more likely to have a higher growth rate than large enterprises. It can be concluded that there is a negative relationship between firm size against future earnings growth.

H7: Firm size has negative effect on future earning growth.

1.2.8 Effect of Profitability on Future Earning Growth

The increasing levels of profitability of the company, the greater the company's retained earnings. If companies choose to reinvest in the growth of companies will be higher. It can be concluded that profitability was positively related to future earnings growth.

H8: Profitability has positive effect on future earning growth.

### 1.2.9 Effect of Financial Leverage on Future Earning Growth

Brander and Lewis (1986, in Flint *et al.,* 2010) found that the use of debt will lead the company to be more aggressive in investing. Debt has the same properties as dividends in reducing agency cost. The high debt will reduce the level of excess funds that will provide a signal about the company's future cash flow. Therefore, we can conclude high debt will affect the future high earnings growth.

H9: Financial leverage has positive effect on future earning growth.

1.2.10 Effect of Past Earning Growth on Future Earning Growth

Little, (1960) states in the theory of "*higgledy piggledy Growth",* the company that grew rapidly during this period, the next period will grow faster as well. So, if past earnings growth increases, future earnings growth will also increase. If past earnings growth is declining, future earnings growth will also be reduced. It can be concluded that past earnings growth positive effect on future earnings growth.

H10: Past earning growth has positive effect on future earning growth
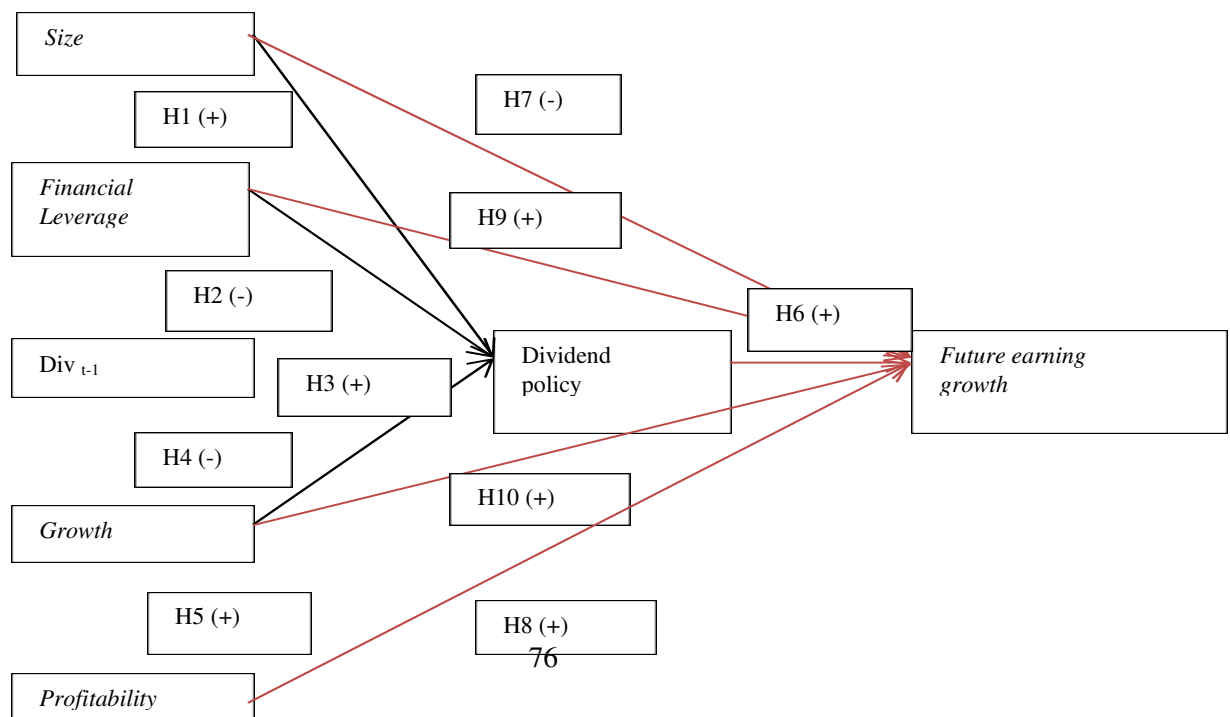
Figure 1. Conceptual Model Research
Based on the above theoretical basis, it can be described as follows research conceptual model.

2. Research Methods

This study uses secondary data, with the object of the company is in the consumer goods industry sector minimal dividends for 2 times in the period 2010-2015 are listed in the Indonesia Stock Exchange which has a complete financial statement.

The research variables consist of the dividend payout ratio and future earnings growth as the dependent variable, while profitability, size, leverage, dividend payments the previous period, and growth as an independent variable. This study uses a two stage least square regression that is processed with the help of Eviews 8.0 for Windows. The classical assumption used as follows.

2.1 Normality Test

Normality of the data is important, because if the data is normally distributed, then the data is considered to be representative of the population. Normality test used is the Jarque-Bera test. Data are expressed in normal distribution if the probability of Jarque-Bera > 5%.

2.2 Multicollinearity Test

Multicollinearity means independent between variable contained in the regression model has a perfect or near perfect linear relationship (high correlation coefficient or even 1). A good regression model should not have perfect or near-perfect correlation between the independent variable. The presence or absence of multicollinearity can be known or seen from the correlation coefficient of each independent variable is greater than 0.8 then their multicollinearities.

2.3 Heteroskidastity Test

Heterokedastity is the residual variance which is not the same at all of the observations in the regression model. Heterokedastity should not happen in a good regression. The method used for the test is a heterokedastity glejser test. Glejser test conducted between independent variables means regressing to the absolute value residual. If the value of significance between independent variable with absolute residual is more than 0.05 then there is no heterokedastity problem.

2.4 Autocorrelation Test

Autocorrelation is the correlation between observation members organized by time or place. Autocorrelation should not happen in a good regression model. Test method using Durbin-Watson test. Here is the decision making of the Durbin-Watson test.

    a. DU < DW < 4-DU then H_0 accepted, means no autocorrelation.
    b. DW < DL or DW < 4-DU then H_0 rejected, there is autocorrelation.
    c. DU < DW < DL or 4-DU < DW < 4-DL meaning there is no certainty or definitive conclusions.

2.5 Dividend Policy

Dividend policy is the company's decision to distribute funds to the shareholders in the form of shares. Dividend policy can be measured using the dividend payout ratio. Dividend payout ratio is measured by dividing the dividend per share to net income.

$$DPR = \frac{DPS}{EPS} \quad \text{..} (1)$$

2.6 Future Earning Growth

Future earnings growth is the company's revenue growth in the future. Future earnings growth can be measured by the total sales of t + 1 share with total sales of the deductible period t1.

$$\text{Growth}_{t+1} = \frac{\text{Net Income t+1}}{\text{Net Income t}} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \text{(2)}$$

2.7 Independent Variable

Firm size

Firm size describes the size of the company. Firm size can be measured using the natural log of the total assets.

$$\text{Firm size} = \text{In total asset} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \text{(3)}$$

Financial leverage

Financial leverage describes how big the company's use of debt. Financial leverage can be measured using the debt to equity ratio. Debt to equity ratio is measured by dividing the total debt to total equity.

$$\text{DER} = \frac{\text{Total debt}}{\text{Total Equity}} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \text{(4)}$$

2.8 Previous Dividend Period

Dividend payments of the previous period can be measured from t-1 dividend payments from companies in the consumer goods industry listed in Indonesia Stock Exchange of 2010-2014.

$$\text{DPRT}_{T-1} = \frac{\text{DPS 5}-1}{\text{EPS}_{t-1}} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \text{(5)}$$

Profitability

Profitability describes the level of corporate profits from any asset invested by companies. Profitability can be measured using the ratio of return on assets. ROA is measured by the share of net income by total assets.

$$ROA = \frac{Net\ Income}{Total\ Asset} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \text{(6)}$$

Past earning growth

Past earnings growth illustrates the company's past growth rate. Past earnings growth can be measured by dividing the total sales of t-1 with total sales of t-2 subtracted by one.

$$Past\ Earning\ Growth = \frac{Net\ Income_t}{Net\ Income_{t-1}} - 1 \quad \dots\dots\dots\dots\dots\dots \text{(7)}$$

3. Results and Discussion

In this study, the object of the study is a company in the consumer goods industry sector pay dividends of at least 2 times in the period 2010-2015. This study uses the 19 companies that have fulfilled the requirements predetermined.

Table 4. Descriptive Statistics

	DIVT	DIV	GRT	GRT_	LEV	PRO	SIZE
Mean	0,423	0,412	0,192	0,32468	0,757	0,165	15,10
Median	0,317	0,301	0,133	0,14125	0,5435	0,119	14,72
Maximum	2,568	2,567	2,488	5,51977	3,1088	0,657	20,65

Minimum	0	0	-	-	0,1041	-0,015	12,2
Std. Dev	0,426	0,422	0,519	0,8478	0,638	0,130	1,751
Skewness	1,867	2,001	0,394	3,01665	1,669	1,260	0,729
Kurtosis	8,726	9,292	10,68	18,7516	5,735	4,019	3,433
Observatio	95	95	95	95	95	95	95

Here is a classic assumption test results:

3.1 Normality Test

Table 5. Normality Test Result

Jarque-Bera (Probability)	0.27

Normality test uses the Jarque-Bera method. According to the Jarque-Bera method, the data is said to be normally distributed if the significance value greater than 0.05 (5%). The probability of Jarque-Bera test results found 0.278513 (27.85%). when seen from these results, it can be concluded that the data are normally distributed.

3.2 Multicollinearity Test

Table 6. Multicollinearity Test Result

	DIV T 0	GRT 0	LEV	PROF	SIZE
DIV T 0	1,000000	-0,07738	0,10622	0,47487	-0,01502
GRT 0	-0,07738	1,000000	0,02557	0,14743	0,05101
LEV	0,10622	0,02557	1,000000	0,24633	0,2249
PROF	0,47487	0,14743	0,24633	1,000000	0,03936
SIZE	-0,01502	0,05101	0,2249	0,039359	1,000000

In Multicollinearity test of data is said to have a high correlation if there are no more than 0.80 correlations between the independent variables. Judging from the above data that the relationship was not found more than 0,80. Can be concluded that the data is not their multicollinearity.

3.3 Heteroskidastity Test

Heteroskidastity testing cannot be performed on the data panel, only this heteroskidastity problem can be solved by giving weighting (GLS weight cross-section).

3.4 Autocorrelation Test

3.4.1 Autocorrelation test model 1

Table 7. Durbin-Watson Test Result Model 1

Durbin-Watson Stat	1,99803

By using the program Eviews 8.0 Durbin Watson discovered the value of 1.99803. This study used a sample of 95 and the number of variables as much as 8. Then to find the value of dL and dU can be seen from the Durbin Watson Table.

DW = 1,998032. dL = 1,358. dU = 1,715 .4-DW = 2,001968

From the above data, it can be concluded that there is no positive autocorrelation and there is no negative autocorrelation.

3.4.2 Autocorrelation test model 2

Table 8. Durbin-Watson Test Result Model 2

Durbin-Watson Stat	2,05522

3.5 Discussion on Regression Analysis

Based on the data processing of the variables studied, the known results of the regression equation as follows:

Model 1

$$Div_t = -0{,}090 + 0{,}012\,Size_t - 0{,}065\,Lev_t + 0{,}444\,Div_{t-1} - 0{,}071\,Gr_t + 1{,}191\,Prof_t$$

Model 2

$$Gr_{t+1} = 0{,}183 + 0{,}340\,Div_t - 0{,}005\,Size_t - 1{,}495\pi_t + 0{,}301\,Lev_t + 0{,}083\,Gr_t$$

Test F Result Model 1

Table 9. Test F Result Model 1

F-Statistic	39,65506
Prob (F-Statistic)	0,00000

Based synchronously / simultaneously Testing in Table 10, obtained the value of F count equal to 39.65506 with a significance of 0.000, ie 0.000> 0.05. This means that the sales growth, firm size, financial leverage, and dividend payments the previous period independent variables together affect the dependent variable dividend policy significantly, so the model can be used to predict the dividend policy of an enterprise.

Table 10. Test F Result Model 2

F-Statistic	5,446788
Prob (F-Statistic)	0,000203

Based synchronously / simultaneously Testing in Table 11, obtained the value of F count equal to 39.65506 with a significance of 0.000, ie 0.000> 0.05. This means that the independent payout ratio, size, financial leverage, and profitability independent variable together affect the dependent variable future earnings growth significantly, so the model can be used to predict the dividend policy of an enterprise.

Table 11. Partial Test Result Model 1

Variable	Variabel Dependen: Div t			Explanation
	Prob	Hypothesis	Result of Study	
Size t	0,0731*	+	+	H1 Accepted
Lev t	0,0086***	-	-	H2 Accepted
Divt-1	0***	+	+	H3 Accepted
Gr t	0,0190***	-	-	H4 Accepted
Prof t	0***	+	+	H5 Accepted
R-squared	0,690193			

3.6 Effect of Dividend Policy on Firm Size

At t test found that H1 is accepted, it indicates that the Firm Size has significant positive effect on the payment of dividends. This is supported by the results of research Kajola, (2015). Lloyd *et al*., (1994, in Rafique, 2012) says that the size of the company has no contribution in determining the dividend payout ratio. They found that a large company is more mature and easier to obtain outside funding (capital market), thereby reducing reliance on internal funding, this has led the company could distribute dividends in larger quantities. In addition, large companies pay dividends in large quantities to reduce agency cost (Lloyd *et al*., 1985 in

Rafique, 2012).

3.7 Effect of Financial Leverage to Dividend

In the above t-test found that financial leverage has a significant negative relationship to the dividend policy. This is supported by the results of the study by Rafique (2012), but contrary to Kajola research. In agency theory said that one of the functions of dividend payment is to monitor management performance. This supervision will avoid the manager to invest in projects that are less profitable. Debt also has the same functionality as dividends in reducing agency cost. With the debt, the debtor will oversee the company, thereby reducing the risks of investing in projects that are less profitable. It can be concluded that while the company has a high debt, the supervisory function of the dividend will be reduced, and vice versa.

3.8 Effect of Previous Dividend Policy Period on This Period

In the above t-test found that the dividend policy of the previous period has significant positive effect on dividend policy of this period. Dividend payment set by the company depends not only on current income, but also past earnings and dividend payments during that period (Pruitt and Gitman, 1991). Dividend Sticky theory explains that the company generally does not change the dividend policy. This is due to the market will be sensitive to a reduction in the amount of the dividend divided illustrated by the decline in stock prices. So, the amount of dividends paid today also influenced the dividend already paid the previous period.

3.9 Effect of Growth Firm on Dividend Policy

From the results of the above t-test found that firm growth has a negative effect on dividend policy. These results are supported by the results of research by Leon, (2014) and Kajola, (2015). These results contrast with the results of Rafique, (2012) who found a positive relationship between firm growths on dividend policy. Companies with a high growth rate tend to hold back earnings to make investments rather than distribute them as dividends. Strong growth requires substantial funds, so it can reduce the payment of dividends (Myers, 1984 in Leon 2014). Amidu and Abor, (2006) found a negative relationship between sales growth and dividend payments.

3.10 Effect of Profitability on Dividend Policy

From the results of the t test above was found that profitability has a positive effect on dividend policy. These results supported the research results by Kajola (2015), Leon, (2014) and Rafique, (2012). Similar results were found by Pruit and Gitman, (1991) that the profitability has a positive influence on dividend policy. Baker and Powell, (2000) states that companies with high profit level is expected to pay higher dividends than companies that have low profitability level. Companies with a high profitability level will have higher cash; it is encouraging companies to distribute dividends in an amount higher.

Table 12. Model 2 Test Result

| Variable | Dependent Variable: Gr t+1 | | | Explanation |
	Prob	Hypothesis	Result	
Div t	0,2349	+	+	H6 Rejected
Size t	0,7805	-	-	H7 Rejected
Prof t	0,0125**	+	-	H8 Accepted
Lev t	0,0002***	+	+	H9 Accepted
Gr t	0,4204	+	+	H10 Rejected
R squared	0,145460			

3.11 Effect of Dividend Policy on Future Earnings Growth

From the results of the t test above can be seen a positive effect but not significant between dividend policy on future earnings growth. This is supported by the results of research

by Zhou, (2006) and Flint, (2010) which found a positive relationship between dividend policy and future earnings growth. Jensen, (1986, in Zhou, 2006) explains that the company with excess free cash flow resulted in managers to over-invest. Therefore, the lower dividend payments resulted in a low growth as well. This is a result of over-investment. In accordance with the residual theory, the dividend distributed by the company should be derived from the residual value. This means that the dividend be distributed from funds remaining, after the company took all investment opportunities. If there are no funds remaining undistributed dividends. Because of the distributed dividend derived from the residual, the dividend payment will not affect the company's future earnings growth.

3.12 Effect of Firm Size on Future Earnings Growth

From the results of the t-test above was found that there is negative but insignificant relationship between firm size and future earnings growth. This is supported by the results of research Flint, (2010) and Zhou, (2006) who found a positive relationship between Zhou, (2006) and Flint, (2010). Chan *et al*., (2003) found that large companies tend to have a lower growth than small firms. While small companies are more likely to have a higher growth rate than large enterprises. From the results above that size is not significant to future earnings growth. This can be explained using descriptive statistics. From the data in Table 5.3 shown that UNVR with a size greater than MRAT, but earnings growth of more than MRAT UNVR in 2014. In 2013 ROTI AND MRAT recorded negative earnings growth while HMSP and UNVR recorded positive earnings growth. So, we can conclude that the size does not affect the earnings growth.

Table 13. Sample Comparation Table

	MRAT	ROTI	HMSP	UNVR
2010	16%	75%	26%	11%
2011	14%	16%	26%	23%
2012	10%	29%	23%	16%
2013	-122%	-1%	9%	11%
2014	-210%	27%	-6%	7%
Marke	85.600	6.504.413	451.314.112	293.755.008

Source: financial statements, the data is processed

3.13 Profitability Influence on Future Earnings Growth

From the results of the above t-test was found that the profitability negatively related to future earnings growth. This is contrary to the hypothesis, but is supported by the results of the research Zhou, (2006) and Flint, (2010). Zhou, (2006) found that companies with a high ROA will attract competitors to enter this industry. With the entry of new competitors will enhance competition in this industry. Moreover, these results are supported by the theory of "Taking Bath" in which the company will reduce the level of current profits to increase revenue in the future (Lan Sun, 2012). It can be concluded that there is a negative relationship between profitability against future earnings growth.

3.14 Effect of Financial Leverage on Future Earnings Growth

From the results of the t test above can be seen that the financial leverage positively related to future earnings growth. This is supported by the results of research by Zhou, (2006) and Flint, (2010). Brander and Lewis, (1986, in Flint *et al.,* 2010) found that the use of debt will lead the company to be more aggressive in investing. Debt has the same properties as dividends in reducing agency cost. The high debt will reduce the level of excess funds that will provide a signal about the company's future cash flow.

3.15 Influence of Past Earnings Growth on Future Earnings Growth

From the results of the t test above was found that there is positive relationship between past earnings growth against future earnings growth. This contrasts with the results of research by Zhou, (2006) and Flint, (2010). Little, (1960) states in the theory of "higgledy piggledy Growth", the company that grew rapidly during this period, the next period will grow faster as well. So, if past earnings growth increases, future earnings growth will also increase. If past earnings growth is declining, future earnings growth will also be reduced. But past earnings growth has no significant effect on future earnings growth. There are several methods for determining the lag variable, which are Koyck methods, Almond methods, Jorgenson method, and the Pascal methods. The method of determining the lag variable in this study is the method Koyck. Koyck method uses a lag variable of one period. This method has the disadvantage, namely the possibility of disturbance correlated with the stochastic element, so that it can produce biased and inconsistent.

3.16 Coefficient of Determination Discussion (R^2)

The coefficient of determination (R2) on the DPR testing is 69%. It was concluded that 69% of the change of the dependent variables were able to be explained by size, profitability, growth, financial leverage and previous dividend payments period. 31% changes of the payment of dividends is explained by other variables outside the size, profitability, growth, financial leverage, and the previous dividend payments period.

The coefficient of determination (R2) on the testing of future earnings growth is 14%. It concluded 14% change in the dependent variable is able to be explained by (size, profitability, past earnings growth, financial leverage, and dividend payments. 86%, a change of future earnings growth is explained by other variables outside (size, profitability, past earnings growth, financial leverage and dividend payout.

4. Conclusion

The results showed that the consumer goods industry sector, size variable, dividend payments of the previous period, and profitability have a positive and significant effect. Meanwhile growth and leverage variables have significant negative effect. For the second model variables profitability has significant negative effect on future earnings growth. Meanwhile the leverage variable has significant negative effect on future earnings growth. Other variables such as dividend policy, size, and growth have no significant effect on future earnings growth.

For further research, it is expected that researchers can use a larger sample and examine the broader sector, thus providing better results.

For investors who want to invest in a company that has good future prospects, investors can choose companies with high leverage level and a low level of profitability.

Based on the implication, the business entities which increase dividend payments and debt level would send a positive signal to investors that the company is currently in good shape. Dividends shall be distributed and where possible, improved in order to attract investors to invest in these enterprises.

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THE EFFECT OF CAPITAL STRUCTURE ON THE VALUE OF A BUSINESS ENTITY WITH QUADRATIC MODEL TESTING IN PROPEERTY, REAL ESTATE AND BUILDING CONSTRUCTION SECTORS

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Abstract

The purpose of this study was to find empirical evidence on the effect of capital structure on the value of a business entity in accordance with the static trade-off theory. This study used a sample of enterprises in the property, real estate and building construction sector that are listed in the Indonesian Stock Exchange during the period of 2009-2012. The selection of the sample in this study using a non-probability sampling technique with the type of purposive judgment sampling. The samples used in this study are 160 during the years of observation. The method of analysis in this study is using quadratic regression. The findings in this study indicate that capital structure significantly influence the value of a business entity in accordance with the static trade-off theory.

Keywords: Capital structure, Firm value, Static trade-off theory, Quadratic

Abstrak

Tujuan dari penelitian ini adalah untuk menemukan bukti empiris mengenai pengaruh struktur modal terhadap nilai badan usaha sesuai dengan static trade-off theory. Penelitian ini menggunakan sampel dari badan usaha dalam sektor property, real estate & building construction yang tercatat di Bursa Efek Indonesia selama periode 2009-2012. Pemilihan sampel dalam penelitian ini menggunakan teknik non-probability sampling dengan jenis purposive judgement sampling. Jumlah sampel yang digunakan dalam penelitian ini adalah sebanyak 160 selama tahun observasi. Metode analisis dalam penelitian ini menggunakan regresi kuadratik. Temuan dalam penelitian ini menunjukkan bahwa struktur modal berpengaruh signifikan terhadap nilai badan usaha sesuai dengan static trade-off theory.

Kata kunci: Struktur modal, Nilai badan usaha, Static trade-off theory, Kuadratik

1. Research Background

Business competition in Indonesia seemed to be getting tougher; this is due to be implemented free trade between ASEAN Country or the ASEAN Economic Community (AEC) in 2015. To survive the arrival of other ASEAN business entities, the entity in Indonesia must be prepared as best as possible and also at enhancing the competitive ability both in products, services and other things. So that corporation require substantial funding source to have competitiveness. The funding source can come from both internal and external business entities. Mix of funding sources is called the capital structure.

Main purpose of business entities is to maximize shareholder value through the increase in value of the business entity. One way to increase the value enterprises review is with optimal capital structure or the best capital structure. It is in accordance with the statement of Husnan and

Pudjiastuti (2002) in Hardiningsih (2009) said that the best capital structure is the one that can maximize the business entities value.

The increasing of business entities value can be seen from the stock price in stock market, because every change that happens in business entities will affect in market perception. Markets will response to every positive or negative change of the company because it will be used to determine the recent and future value of business entities. If the market perception is good, then the stock price will go up, but if the market perception is bad, then the business entities stock price will go down.

Arifin (2005:89) said that the cost of bankcruptcy and financial distress or financial difficulties can be a stumbling block for business entities to always add more debt, because the more burden to be paid, the more business entities having financial difficulties that lead to bankcruptcy. This thing shows if business entities are having financial difficulties, then the market will judge that it is a bad thing so that the business entities value will go down.

Table 1. Previous Studies about the Influence of Capital Structure to Business Entities Value

Researchers	Influence
Bukit (2012)	(+) significant
Pancawati Hardiningsih (2009)	(+) significant
Wijaya, Bandi and Wibawa (2010)	(+) significant
Sari, Djazuli and Aisjah (2013)	(-) significant
Sujoko and Soebiantoro (2007)	(-) significant
Babalola (2012)	significant
Manurung (2012)	significant

In Table 1 we can see that there is difference of result between some previous researches. Research of Hardiningsih (2009), then Wijaya *et al.,* (2010) and also Bukit (2012) found that there is positive effect from capital structure on business entities. The positive effect of capital structure on business entities shows that if there is change in capital structure then there will be followed by the increasing of business entities and if there is decreasing in capital structure it will be followed by decreasing of business entities value. Meanwhile research from Sari *et al.,* (2013) also Sujoko and Soebiantoro (2007) found that there is negative effect from capital structure on business entities value. The negative effect of capital structure on business entities value show that if there is increasing on capital structure, it will be followed by decreasing of business entities value, an dif dcreasing of capital structure happens it will be followed by increasing of business entities value.

Babalola (2012) conducted a study about influence of curvilinear of capital structure on business entities value. Independent variable used in the study of Babalola (2012) is DTA (Devt to Total Assests), meanwhile the dependent variable is ROE (Return On Equity). Babalola (2012) found that there is a significant curvilinear influence between capital structure on business entity valuein food and beverages sectors in Nigeria. Capital structure can affect business entity value because capital structure can cause tax benefit and also financial distress that affect in business entity value. If the debt increasing increases the profit of business entity tax, so market perception will be good. If increasing of debt makes business entity having financial difficulty, then the market will judge that things as bad thing so that it will decrease the business entity value. Beside that, study of Babablola (2012) also found that there is optimal capital structure for business entity in food ans beverages structure in Nigeria. In his study, Babalola (2012) said that there is proof of a significant quadratic relationship, but it gets less attention in financial literature yet.

Manurung (2012) conducted a research about optimal capital structure with DER (Debt to Equity Ratio) and DTA (Debt to Total Asset) independent variable. Meanwhile dpendent

variable used is stock price and total asset. The result of Manurung (2012) study is, if total asset is considered as company value, then DER, DTA, and dummy are significantly affected it. Then, only DER and Dummy that significantly affect business entity value if the proxy is stock price. Manurung (2012) used dummy on his study because he was conducted his study during crisis periode, Manurung (2012) said that crisis periode influenced company value.

This research uses property, real estate & building construction sector objects which are listed in Indonesia Stock Exchange becaue of some reasons, which is the existence of consistent change in this sector indicated by the large number of people that invest their fund in property, real etstate & building construction sectors.

Building investment constribution on PDB always show positive growth. This thing caused by supply for building that remains the same, meanwhile demand always increase along with population's growth. Beside that, every economic activity whether in service or production, basically need products from property, rela etstate & building construction sectors as one of the production factors. This thing is supported by statement from Minister of Industry, Hidayat (2013) which said that "the moment property sector grows, it will be more thann 150 supporting insdustries will grow." property, real etstate, & building construction sectors can push another sector's growth.

The purpose of this research is to find empirical evidcence about influence of capital structure on business entity in Indonesia Stock Exchange during 2009-2012 periode as in statistic trade-off theory. Therefore, it is defined hypothesis as follows: 'It is estimated that capital structure has influence on business entity value in accordance with the statistic trade off-theory in property, real estate & building sectors that are listed in Indonesia Stock Exchange during 2009-2012 periode."

The result of this study is expected to be able to give benefit for management to make it as consideration in determining mixture between use of debt and equity in reaching optimal capital structure so that it can maximize business entity value. Meanwhile for investor it can be used as consideration to determine investmen decision on best business entity in property, real estate &building construction sectors.

2. Research Methods

This study is included to applied research, which is study that developed from previous study and application of knowledge and theories that are existed. Based on study technique, this study is included into experimental study with quantitative approach that uses quantitative data to proof theory. From study approach classification, thi study has causal characteristic which is study that aims to find out the influence of independent variable on dependent variable. Variable used in this study is capital structure with proxy Debt to Equity Ration (DER), meanwhile dependent variable used is business entity value with proxy Price Book Value (PBV)

In order to make the understanding easier and so that there will be perception mistake from each variable, below is the definition and also measurement method of variables used

1. Capital Structure (Debt to Equity Ratio)

    Capital structure is mixture of use of capital own and debt to fulfill the company Capital need, so that capital structure proxy used in the study is Debt to Equity Ratio.

    The counting of Debt to Equity Ratio uses the comparison between total liabilities with total equity every year. Mathematically it can be formulated as follow:

$$DER = \frac{TL}{TE} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (1)$$

Explanation:
   DER   : *Debt to Equity Ratio* of *property, real estate &building construction* sectors
   TE   : *Total Equity* of business entity property, *real estate &building construction sectors*
   TL   : *Total Liabilities* business entity *property, real estate &building construction sectors*

2. Business Entity Value (PBV)

      Business entity value proxy uses Price to Book Value (PBV) because PBV shows the comparison between company stock market and business entity book values. PBV obtained by counting market value divided by business entity book value every year. PBV counting uses this equation:

$$PBV = \frac{MV}{BV} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (2)$$

Explanation:

    BV   : business entity book value of *property, real estate & building construction sectors*

    MV   : business entity market value of *property, real estate &building construction sectors*

    PBV   : *Price to Book Value*of business entity of *property, real estate & building construction sectors*

      Population used in this study is all business entities which are listed in property, real estate & building construction sectors. Characteristics of the sample used in this study are:

1. Listed in *property, real estate & building construction sectors* in Indonesia Stock Exchange during 209-2012 periode nad did not delisting.
2. The business entity must have complete data in form of financial report and published it every year during 2009-2012 periode.

This sample taking of this study used Non-Probability Sampling with the kind of Purposive Judgement Sampling because researcher determine subject form the sample chosen just only based on the study (judgement) of the researcher (Efferin *et al.,* 2008).

    Next, Classic Asumption test used in this study is as follows:

1. Normality Test

Normality test used to find out whether data population normaly distribute or no (Priyatno, 2010). Testing criteria is by looking at significance value (Sig) > 0,05, then the data normally distribute.

Uji normalitas digunakan untuk mengetahui apakah populasi data berdistribusi normal atau tidak (Priyatno, 2010). Kriteria pengujian adalah dengan melihat nilai signifikasi (Sig) > 0,05, maka data berdistibusi normal.

2. Autocorrelation Test

Autocorrelation test has function to know whether there is correlation between residual in t periode with the residual from previous periode (t-1) in regression model (Priyatno, 2011). The detection whether there is autocorrelation or no is by using Durbin-Watson test (DW test) (Priyatno, 2011). Regression model is free from autocorrelation if Durbin Watson (DW) value which is resulted is qualify DU<DW< 4-DU.

3. Heterokedastisitas Test

Heterokedastisitas Test has function to see whether there is different in residual variant of model regression in one observation to another by using correlation coefficient test of Spearman (Priyatno, 2011). Regression model said to be free for heterokedastisitas if the significance level from each independent variable >0,05.

    This study uses quadratic regression which is by using quadrat equation. Quadrat equation used in this study is as follow:

$$PBV = \alpha + \beta_1.DER + \beta_2.DER^2 + U \dots\dots\dots\dots\dots\dots\dots\dots\dots (3)$$

Explanation:

    DER   = *Debt to Equity Ratio*

    PBV   = *Price Book Value*

    α = Constants

    β_1 = DER Coefficient Regression

β_2 $= DER^2$Coefficient Regression
U   = Residual

Then hypothesis testing by quadratic regression is as follows:

1. Stimulant Test (F Test)

   F test is uded for testomg whether independent variables are simultaneously having significant positive influence on dependent variables (Priyatno, 2011). If the significance level < 0.05, then there is significant influence from independent variables on dependent variables.

2. Partial Test (t Test)

   T test function is to know the significant influence between dependent variables with independent variables (Priyatno, 2011). If the significance level is < 0.05, then there is significant influence from independent variables on dependent variables.

3. Determination Coefficient

   Determination coefficient used to know how big the ability of independent variables in influencing dependent variables (Priyatno, 2011).

3. Result and Discusion

This study uses secondary data from yearly financial report and also factbook during 2009, 2010, 2011, and 2012 periode. Sample that used must qualify in characteristics which already determined. Based on those criterias, sample that qualify characteristics determined in his study are 40 business entities in 4 years, and then it is obtained data of 160 samples. Further data processing uses quadratic regression with the support of SPSS 20 software.

Table 2. Descriptive Statistic

Variabel	N	Minimum	Maximum	Mean	Std. Dev
PBV	160	0,13	6,32	1,448	1,117
DER	160	0,00131	6,5984	1,009	1,0001
DER2	160	0,00000	43,5389	2,0122	5,2085
Valid N (listwise)	160				

From Table 2, it appears that the number of samples used is 160 samples. PBV variable has the lowest value of 0.13, the highest score of 6.32, and the average value of 1.4483 and dissemination of data values from the average value of 1.11694. Variable DER has the lowest value of 0.00131, the highest value of 6.59841, and the average value of 1.0090873 and dissemination of data values from the average value of 1.00011772. Variable DER2 has the lowest value of 0.00000, the highest score of 43.53897, and the average value of 2.0122400 and dissemination of data values from the average value of 5.20852262.

Table 3. Normality Test Result

One-Sample Kolmogorov-Smirnov Test				
		Un. Residual	DER	DER2
N		152	152	152
Normal Parameters	Mean	0,0000023	0,9998	2.0297
	Std. Deviation	0,8066	1,0182	5.3378
Most Extreme Differences	Absolute	0,127	0,183	0.352
	Positive	0,127	0,183	0.309
	Negative	-0,094	-0,168	-0.352
Kolmogorov-Smirnov Z		1.562	2,259	4,338
Asymp. Sig. (2-tailed)		0.015	0,000	0,000

In Table 3 it can be seen that the value Asymp. Sig (2-tailed) of DER and DER2 are 0.000 and 0.015 unstandardized Residual which indicates that the study variables are not normally distributed, because the value Asymp. Sig (2-tailed) <0,05. These results are the result of normality test after the reduction to 8 samples or 5% of the total sample used by using SPSS software boxplot at 20, but the data are not normally distributed.

Central Limit Theorem (Gujarati, 1988: 66) states that if there are a large number of random variables are independent and identically distributed, then with a few exceptions, these data tend to be normally distributed. Gujarati (1995: 782) states that the variable with n> 25 is larger sample. Thus, 152 samples used in this study can be said to be normally distributed.

Table 4. Heteroskedastisitas Test Result

			DER	DER2	Un.Residual
Spearman's rho	DER	Correlation Coefficient	1,000	1,000[**]	-0,013
		Sig. (2-tailed)	,	,	0,872
		N	152	152	152
	DER2	Correlation Coefficient	1,000[**]	1,000	-0,013
		Sig. (2-tailed)	,	,	0,872
		N	152	152	152
	Un. Residual	Correlation Coefficient	-0,013	-0,013	1,000
		Sig. (2-tailed)	0,872	0,872	,
		N	152	152	152

Table 4 shows that the variable DER and DER2 have exceeded the 0.05 level. DER and DER2 variables have a significance value of 0.872 respectively. This indicates that the data used in the study can be said to be free from heteroscedasticity.

Table 5. Autocorrelation and Determination Coefficient Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,293[a]	0,086	0,074	0,81195	2,160

a. Predictors: (Constant), DER2, DER
b. Dependent Variable: PBV

Table 5 shows that the value of Durbin Watson (DW) amounted to 2,160, while the value for k = 2 at 152 samples, Watson Durbin table shows the value of 1.7616. In accordance with the requirement for free autocorrelation that DU <DW <4-DU, then the value for autocorrelation is 1.7616 <2.160 <2.2384 stating that model no correlation between variables.

The results of data processing in table 5 shows adj R2 value are equal to 0.074 or 7.4%. R2 adj value indicates that the variable DER and DER2 able to contribute by 7.4% in explaining the variation changes that occur in PBV variable, while 92.6% is explained by other variables outside variables in this study. Small coefficient determination is due to many factors that affect the value of the enterprise.

Sudjoko and Soebiantoro (2007) conducted tests on 10 factors that could affect the value of the enterprise and get the result that 8 of the 10 factors tested significantly influence the value of the enterprise. Eight factors that significantly influence the value of the enterprise in research

Sudjoko and Soebiantoro (2007), among others: institutional ownership, interest rates, market growth, profitability, dividends, the size of the enterprise, the relative market share and leverage. So, it can be said that the value of the coefficient of determination of 7.4% in this study are relevant.

Table 6. Simultant Test Result (*F-test*)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9,218	2	4,609	6,991	0,001[b]
	Residual	98,230	149	0,659		
	Total	107,449	151			

a. Dependent Variable: PBV

b. Predictors: (Constant), DER2, DER

Based on the data processing results using SPSS 20 software, the result of Fcount value is 6.991 with a significance level of 0.001. The significance level was below 0.05, thus indicating that the DER and DER2 has significant effect simultaneously on the PBV.

Research from Hill (2012) found a significant positive effect on the capital structure of the business entity value. Positive influence of capital structure on business entity value shows that if there is an increase in the capital structure will be followed by an increase in the business entity value, as well as if there is a decrease in capital structure will be followed by a decrease in the business entity value.

In research of Sari *et al.,* (2013) and Sudjoko and Soebiantoro (2007) found negative effect on the capital structure of the business entity value. Negative influence of capital structure on the business entities value shows that if there is an increase in the capital structure, there will be a decline in the business entity value, whereas if there is a decrease in capital structure will be an increase in the business entity value.

Table 7. Tartial Test Result (*t-test*)

Coefficient[a]

Model		Un. Coefficient		Std.Coefficient	t	Sig.
		B	Std. Error	Beta		
1	Constant	0,885	0,125		7,063	0,000
	DER	0,553	0,161	0,668	3,446	0,001
	DER2	-0,079	0,031	-0,497	-2,566	0,011

a. Dependent Variable: PBV

Testing for DER against PBV variable has a value of β of 0.553 with a significance level of 0.001. The significance level was below 5%, so it can be said that DER has positive and significant effect on the PBV.

Testing for DER2 against PBV variable has a value of β of -0.079 with a significance level of 0.011. The significance level was below 5%, so it can be said that DER2 has significant negative effect on the PBV.

The results of this study were consistent with the static trade-off theory and consistent with the hypothesis that designed. This is due to the effect of curvilinear between capital structure of the business entity value as indicated by the value of β1 in DER showed a positive value and the value of the β2 on DER2 which shows a negative value. This shows that the capital structure will enhance the business entity value at first, and then at a certain point will cause a decrease in the business entity value. Things to cause increases and decreases in the value of this business entity is initially business entity will benefit or tax saving benefits of an increase in the

debt, then the market will judge both these things, so that the business entity value will increase. However, the increase in debt that constantly can cause business entity experiencing financial difficulties because of the burden of business entities which are also on the increase, the market would assess it as something not good, could result in impairment of the enterprise.

The results of this study are also consistent with the results Babalola (2012), which conducts research on business entity of food and beverages that are listed on the stock exchange Nigeria and found that the capital structure significantly influence the business entityvalue, because the results of the regression shows the effect of curvilinear between capital structure to business entity caused by the costs and benefits of the use of debt. Babalola (2012) also found that there is an optimal capital structure for a business entity sector.

The results of this study are also consistent with research Manurung (2012) who did research on the manufacturing sector enterprises listed on the Indonesia Stock Exchange. Manurung (2012) in his research found that the capital structure significantly influences a business entity value if the proxy is using the capital structure of DER and dummy, and the value of a business entity to use a proxy stock prices.
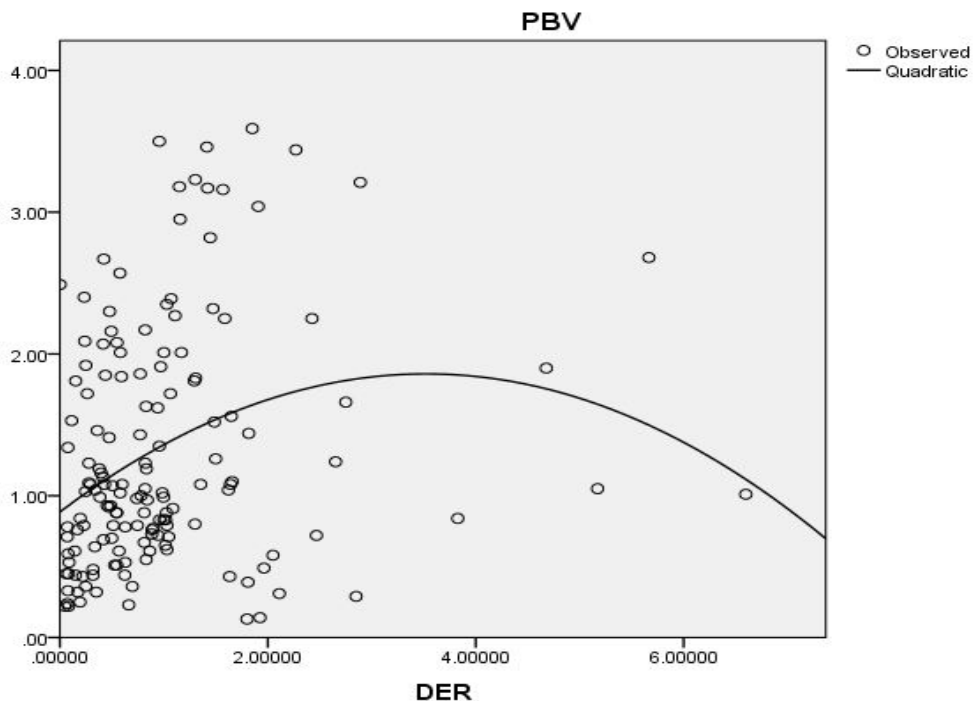
Figure 2. Curve Estimation

In Figure 2 it can be seen that the regression results using curve estimation on software SPSS 20 shows a picture of the curve U-shape upside which suggests that there is influence of curvilinear of capital structure on the value of the body, which can indicate the optimal capital structure for the business enterprise sector property, real estate and building construction listed in Indonesia Stock Exchange during the period 2009 - 2012. The optimal capital structure calculation results obtained from the PBV highest expected value using a regression equation in the formula 3, which will produce the following equation:

$$PBV = 0,885 + 0,553. DER - 0,079. DER^2$$

From the results of these calculations, the highest PBV expected value obtained with a value of 1.844 with DER value of 3,828. This indicates that there is an optimal capital structure to increase the business entity value, the total liabilities amounted to 3,828 times of total equity

for the property sector enterprises, real estate and building construction listed in Indonesia Stock Exchange during the 2009-2012 periode.

Implications for management is that if the management will increase the debt, then it should consider the extent to which the increase in the debt could raise the business entity value, because according to the trade-off theory, the use of debt could increase the business entity value due to the benefits of tax savings, but at a certain point that is too high debt utilization can lower the business entity value that caused enterprises experiencing financial difficulties due to the use of debt is too high.

Implications for investors are business entities that use the debt which is too high can lead to the risk of financial difficultie. Risk seekers investor will dare to invest in enterprises that have DER which is too high, while the risk-averse investor will tend to avoid investing in entities that have DER that is too high and dare to invest in enterprises that have a low DER.

4. Conclusion

Based on simultaneously test results (F test) showed a significant result of the effect of capital structure on the value of Nadan effort, because it has a significance level of 0.001 (less than 5%).

Based on the results of the partial test (t test) for DER variable has a value of β of 0.553 with a significance level of 0001. While DER2 has a β value of -0497 with significance level of 0.011. The level of significance of these two variables is below 5%, so it can be said that DER has positive and significant effect on the PBV, while DER2 has significant negative effect on the PBV.

Data processing equation model in this study is quadratic regression method. The results of data processing showed the coefficient of determination ($R2$) obtained amounted to 0.074 or 7.4%. This indicates that the capital structure variable could play a role by 7.4% in explaining the variation changes that occur in the business entities value variable, while 92.6% is explained by other variables outside variables in this study.

Recommendations are given by researchers to the management is preferably increase the debt capacity to be able to increase the business entity value, as long as the business entity still benefiting from the use of such debt and are not experiencing financial difficulties due to the use of debt which is too high.

Recommendations are given by researchers for investors should consider the level of debt using an entity prior to making a decision to invest, because the use of debt that is too low or too high is not too good for an enterprise.

For further study, the researcher recommends using different variables for different sectors and doing more research on other sectors that rarely get attention for examination. Then add the observation time period, for example using observation period of 8 years or replace the observation period into the semester or quarterly. So, expect a long period to be able to demonstrate results more clearly.

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PROFESSIONAL COMMITMENT OF ACCOUNTANT AND THE COMMITMENT OF PUBLIC ACCOUNTING FIRMS ON AUDITOR'S JOB SATISFACTION

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Abstract

The Public Accounting Firms (PAFs) have notoptimally met their user's expectation in providing high quality auditings services. Many financial scandals that involve public accounting practitioners are still occurring. They make users of auditing service confuse about integrity of Certified Public Accountants. This study aims to obtain empirical evidences in evaluating of the extent to which the professional commitment of accountant and organizational PAFs commitmenaffecton auditor's job satisfaction. This studyusesan explanatory surveymethod, althoughits detailsalso contain some descriptions, however because it is a relational research, its focus lay on relational explanations among verificative variables. Some operationalized variables are included in this study, consisting ofprofessionalcommitment, organizational commitment, and job satisfactionthat paymore fundamental emphasis on their indicators. Datawere collected throughquestionnaire distributionto targetedrespondents, as well aslimitedinterviewsor documentary studies as additional efforts to obtain explanatory elements from survey findings. Analytical units in this study involved the Public Accounting Firms (PAFs) in Indonesia with total population as 417 PAFs. Samplings by a simple proportional randomized method in 79PAFs with 347 accountants as responding target weresent questionnaires. Data analytical and testing methods were carried out by the Structural Equation Modeling (SEM) analysis. The research findings showed that professional commitment of accountants and commitment of the PAFs organization affects auditor's job satisfaction, both simultaneously or partially.

Keywords: Professional commitment, Organizational commitment, Andauditor's job satisfaction

Abstrak

Kantor Akuntan Publik (KAP) dalam memberikan layanan jasa audit yang berkualitas tinggi, belum optimal memenuhi harapan pengguna jasa. Berbagai skandal keuangan masih maka terjadi yang melibatkan praktisi akuntan publik. Hal tersebut berakibat, para pengguna jasa audit meragukan integritas Akuntan Publik. Penelitian ini bertujuan untuk memperoleh bukti empiric guna mengevaluasi besarnya pengaruh komitmen profesi akuntan dan komitmen organisasi KAP terhadap kepuasan kerja auditor. Penelitian ini menggunakan metode survei penjelasan, walaupun uraiannya juga mengandung deskripsi, tetapi sebagai penelitian relasional fokusnya terletak pada penjelasan hubungan antar variabel yang bersifat verifikatif. Variabel yang dioperasionalkan dalam penelitian ini, yaitu: komitmen profesi, komitmen organisasi, dan kepuasan kerja yang lebih mendasar kepada indikator-indikatornya. Data dihimpun melalui penyebaran kuesioner ke target responden, serta wawancara terbatas maupun studi dokumentasi sebagai upaya menambah unsur penjelas dari hasil survei. Unit analisisnya adalah Kantor Akuntan Publik (KAP) di Indonesia dengan populasi 417 KAP. Penarikan sampel dengan metode proporsional acak sederhana terhadap 79 KAP dengan target respon yang dikirim kuesioner 347 orang akuntan. Tehnik analisis dan pengujian data dilakukan dengan Analisis Structural Equation Modeling (SEM). Hasil penelitian menunjukkan bahwa komitmen profesi akuntan dan komitmen organisasi KAP berpengaruh terhadap kepuasan kerja auditor baik secara simultan maupun parsial.

1. Research Background

The Public Accounting Firms (PAFs), in providing their services have been realizing that a more intensive competition among the PAFs, have also encouraged the Public Accounting services into "critical" category for taking a professional behavior. Consequently, there are some PAFs prefer client interests and a large profit, causing that the Public Accountant's Professional Code of Ethic can't well be held up anymore.

The public accountant profession has a substantial responsibility in fulfilling the trust provided by community, at least its: (1) liability to clients, legal obligation that generally appear as its failure consequence in performing an audit assignment in according to agreed timetable, unsufficient audit execution, failing to find out confidentiality mistakes and violation made by public accountant; (2) civil liability to third parties (stokeholders and potential investors, suppliers, creditors, employees and customers), it is generally come into surface because of third parties perceived themselves to be lost due to wrong decision making, because such decisions rely only on financial statement made from misleading audit report; (3) criminal liability to the third party, and it is usually occured due to direct involvement of the public accountant with client in taking a criminal act (Arens *et al.,* 2010).

A professional commitment highly needed in all profession because a given professional service enjoyed by community at large, so it is important that peoples are not made lost from services provided by such profession (Boreman, 2000). The public accounting profession must have integrity, independence and freedom from all related interests, it can hold the truth up, technical and professionalism competence, and the commitment of profession must always be defended by treating morality aspect in the highest place (Gibbins and Webb, 2001). An accountant does not have expertise only, but he / she must also have ability to perform his/her professsional duty through application of agreed professional standard, keep professional accountability, and must always obey to the existing professional code of ethic (Whan, *et al.,* 2004). The public accounting profession is required to recognize stakeholder's interest, but its professional ethic must primarily always be kept, and it can't be separated from organizational commitment where it works, namely, in the Public Accounting Firms (McPhail, 2001).

The currently accounting scandals are taking place in the world, where they result in a decrease in public trust on accountant profession and produced auditing quality. However, it has not been clear that whether professional commitment of public accountant or commitment of the PAFs organization can affect an auditor's (public accountant) satisfaction or an Independent Audit implementation on the Financial Report, where it is supposed to have implication on performed audit quality. There are many definitionsaboutaudit quality, but there is no certain definition about such audit quality itself. It is caused by absence of common understanding concerning on audit quality composing factors and oftenly occurred conflict of role between various users of audit reporting (Suton, 1993).

This research based on model obtained from occurrence of field phenomenons which is based on partial theories among models, thus it is obtained a given model from those supportive theoris, such as research from Ahmad *et al.,* (2012) that investigate professional commitment by considering of ethical orientation, profession characteristic, and profession code of ethical dimensions.

Based on those stated research backgrounds, thus identification of this research problem is how extent is the professional commitment of accountant and organizational PAF's commitment affect on auditor's job satisfaction.

1.1 Inter-relations of Variables

A public accountant must, in conducting his / her professional practice, fully follow predetermined ethical guidances with its overall consequences. Unfortunately, community in general does not understand rules and regulations that must be complied with by public accountants, therefore it is existed gap between community expectation and rules and regulations in public accounting practice limitation. This gap can sometimes result in community misperception about the public accountant profession. For example, the user of public accountant services has not able to distinguish clearly the meaning of the "audit failure" and "business failure" terms. (Windsor, 2003, William, 2003 and Wyman, 2003).

In addition to the Professional Commitment and Organizational Commitment issues, other issue faced by public accountant in Indonesia or to be supposed to have contribution on public accounting business in Indonesia is the job satisfaction. Some previous researches (Messmer, 2002 and Camp, 2003) proposed that performance and job satisfaction has a connection, although it has not been consistent one, where auditors whom perceive an organizational-professional conflict tend to show a low performance and a high turnover intention (Harrel *et al.,* 1986). Other research (Gregson, 1992) in Behavioral Research in Accounting investigates relation between job satisfaction, organizational commitment, turnover, and performance. Its finding showed that there is a relation between organizational commitment and turnover. An auditor with high organizational commitment has a low turnover intention, and vice versa. An auditor with high organizational commitment and job satisfaction also tend to contribute a better performance. Other researchers who did similar investigation with same findings, among others, include Backman (2000) and Aizzat *et al.,* (2001).

Therefore, the heart of job satisfaction does not depend on the total pay received, but it depends on professional and organizational commitment where individual works. In other words, professional and organizational commitments are appreciated highly important in increasing a satisfaction level. However, it has not been clear whether thecommitment of public accountant and the commitment of PAFs are important determinants in increasing auditor's job satisfaction.

1.2 The Research Hypothesis

Based on conceptual framework and paradigm of this research, thus it can be proposed a hypothesis that commitment of accountant profession and the commitment of the PAFs organization have a positive influence on auditor's job satisfaction, both partially or simultaneously.

2. Research Methods

This research uses the explanatory survey method. It aims to examine formerly formulated hypothesis. Although its detail also contains descriptions, as a quantitative research, it is focused on relational explanation among variables. Consequently, this research requires for more basic variable operationalization to its indicators. In accordance with proposed hypothesis, it also made use the Structural Equation Modeling (SEM) analysis, with reason that this model is an integrated approach between factor analysis, path analysis, and structural model, and it is a data analysis with the conceptual construction.

The research variables are operationalized by referring to all variables in formulated hypothesis, they are: (1) the Professional Commitment of Accountant variable, that is a voluntarily accountant (individual) willingness to be always obey with the Standard of Profession; (2) the Organizational Commitment of PAFs variable, it is an auditor's willingness, accountant in this case, to be voluntarily always involved or loyal to the PAFs with his/her specific objective; (3) Auditor's Job Satisfaction variable, it is a condition perceived by accountant as an auditor working for the PAFs, when he or she got a satisfaction on delivered services and received returns. A satisfaction perceived by an accountant will be reflected from the Extrinsic Job Satisfaction.

The research analytical unit consists of the PAFs, information sources are accountants working the PAFs in Indonesia. Total population of this research consists of 417 PAFs. Meanwhile, its sample is determined from analytical forms in accordance with proposed hypothesis. Based on calculation output with the proportional simple random sampling, it is obtained samples as much 79 PAFs. Data collecting technique applied in this research is an Indirect Communication Technique by using questionnaires as instruments, and its Direct Communication Technique was done by a limited interview. The model fitness testing was performed with some goodness of fit test (GFT) indexs, such as probability value (p-value), chi-square statistical test, the root means square error of approximation (RMSEA) value, the Goodness-of-fit index (GTI), the adjusted goodness-of-fit index (AGFI), the normed fit index (NFI), the Tucker-Lewis Index (TLI), or Non-formed fit index (NNFI), and the Comparative Fit Index (CFI). The model fitness testing and criteria is summarized, as it is seen in Table 1 as following:

Table 1. The Goodness of Fit Test Measure

GOF Measure	Criteriaof The Model Fitness	Testing Criteria	Implication on H0	Decisiona
P-*value*	1,00 (perfect fit model)	$\geq 0,05$	Accepted	Model is fitted
RMSEA	0,00 (perfect fit model)	$\geq 0,08$	Accepted	Model is fitted
GFI, AGFI, NFLTLI, and CFI	0,00 (non-fit model); 1,00 (perfect fit model)	$\geq 0,90$	Accepted	Model is fitted

Sources: Hair, *et al.,* (2006), and Wijanto (2008).

The hypothetical testing was done with *F*-Statisticaltest and Statistic t-Student's test, *t*. Meanwhile, the simultaneous testing was done by *F*-statistical test with criterion: (1) If $F_{count} > F_{table}$ values, thus H0is rejected, soH$_1$is accepted; (2) If $F_{count} \leq F_{table}$ value, thus H_0 *is not rejected,* so H$_1$is rejected. Meanwhile its partial testing is done by using t-student statistical test with criterion: (1) If$t_{count} > t_{table}$value, thus H$_0$is rejected, so H$_1$is accepted, (2) Ifnilait$_{count} \leq$ t$_{table}$value, thus H$_0$is not rejected, so H$_1$is rejected.

3. Results and Discussion

The description for each variable based on respondent's reply, namely, 347 Accountants in 117 PAFs that are working as practicing Auditors in the PAFs in Indonesia; it could be summarized in Table 2 as follows:

Table 2. Recapitulation of Reached Output for Each Latent / Observed Variables

No.	Latent/Observed Variables	Reached Scores	Ideal Scores	(%)
1.	Commitment of Profession Standards	31.607	41.640	75.91
	a. ObedienceonProfession Standard	6.531	8.675	75.29
	b. ProfessionAccountability	14.509	19.085	76.02
	c. Ethics of Profession	10.567	13.880	76.13
2.	Oeganizational PAF Commitment	22.013	29.495	74.63
	a. Affective Commitment	7.653	10.410	73.52
	b. Continuum Commitment	7.904	10.410	75.93
	c. Normative Commitment	6.456	8.675	74.42
3.	Public Accountant's Job Satisfaction	22.180	27.760	79.90
	a. Extrinsic Job Satisfaction	10.355	13.880	74.60
	b. Intrinsic Job Satisfaction	9.266	10.410	89.01
	c. General Job Satisfaction	2.559	3.470	73.75

Sources: The 2012 WMS Calculation Output.

The effect of the commitment of accountant profession and the organizational PAFs commitment on auditor's job satisfaction, would be clearly described on proposed hypothetical basis, and overll produced models in this research can be illustrated as following:
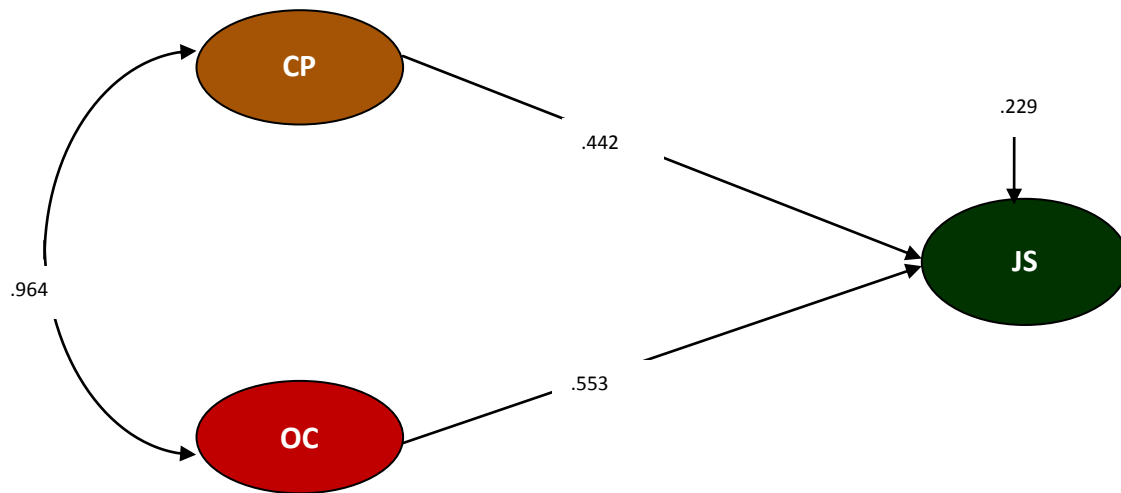
Figure 2. The Structural Models of Commitment of Profession, Organizational Commitment and Job Satisfaction

3.1 The Test of the Goodness of fit Statistics

The obtained results of model appropriateness (the simultaneously or overall model testing) was shown by goodness of fit statistics measure, and it can be summarized as illustrated in the following Table 3:

Table 3. The Evaluation of Goodness of Fit Indices Criteria

Criterion	Output	Crticial Value	Model Evaluation
χ^2 (CMIN) Df= 3557	3998,169	Expected small	Marginal
Significance Probability	0,0000	$\geq 0,05$	Marginal
CMIN/DF	1,124	$\leq 2,00$	Good
RMSEA	0.0640	$\leq 0,08$	Good
Goodness of Fit Index (GFI)	0,89	$\geq 0,90$	Marginal
Normed Fit Index (NFI)	0,97	$\geq 0,90$	Good

Sources: Calculation Output

Resuts of model evaluation by considering the χ^2 value, it is obtained a large χ^2 value with the Significance Probability (0,000) less than .05. However, because of the CMIN to DF ratio is still less than 2, thus it can be stated that the formed structural model can be accepted (fitted with data). Others measure of the Goodness of Fit Statistics also showed that the model can still be used in which the RMSEA for structural model is .064 smaller than .8 critical value and the .97Normed Fit Index (NFI) model value is 0,97 is larger than its critical value (.90). Meanwhile, the GFI model value is included in marginal criteria. Based on the measure of obtained model fitness, it can be drawn a conclusion that, the formed structural model is fitted with data, and it can be stated to fulfill the Goodness of Fit criteria.

3.2 The Hypothetical Test

Result of the first hypothetical test about the effect of commitment of accountant profession and the organizational PAFs commitment on auditor's Job Satisfaction, both partially and simultaneously shows the following results.

Table 4. The Effect of Commitment of Accountant Profession (η_1) andOrganizational PAFs Commitment (η_2) on Auditor's Job Satisfaction (ξ_1)

R-Coefficient	p-Value (Sig.)	F_{Change}dant$_{test}$	R_{Square} (R^2)	Description
η_1 and$\eta_2$simultaneously onξ_1 =.986	.000	5802.998	.971	H_0*Rejected*
$\eta_1$partially onξ_1 (γ_1=.442) *(r=.974)	.000	8.754	.430	H_0*Rejected*
$\eta_2$partially onξ_1 (γ_2=.553) *(r=.978)	.000	4.985	.541	H_0*Rejected*

Results of the 1sthypothetical testabove calare illustrated in the following equation: KK = 0,442KP + 0,553KO + 0,029. Note: KK=Job Satisfaction; KP=Commitment of Profession; KO=Organizational Commitment

3.3 Effects of Commitment of Accountant Profession and the Organizational PAFs
3.3.1 Commitment on Auditor's Job Satisfaction.

This research's findings showed that, there are effects of the commitment of accountant profession and the organizational PAFs commitment on Auditor's Job Satisfaction as 97.1%, both partially and simultaneously. It is supported by concept that accountant profession and auditor are urgently required to help community, especially for their business transactions. The obedience to profession standard, accountability, and ethics of profession in individual context has a relation with how the organizational commitment, where it would be applied by individu in an organization will be reflected in how related individual commitment to keep his/her organizational images, and do the best one in behalf of organization (McPhail, 2001). Furthermore, this hypothetical testing output also fits with the Schewepker's work (2001) showing that individual ethical awareness in organization will increase job satisfaction and reduces willingness to remove.

Therefore, an auditor has responsibility to accountant profession, his professional coworkers, organization in which heis working, auditee, himself, and public at large. An auditor with colleagial ideals and values in fulfilling terms and conditions in running accountant's (auditing service) practice establishes his professional organization as a morale community. Starting from similar educational background, these professionals have a closed distinctive expertise for others with different expertises, and become a specific group with authoritative power in specific skillful knowledge field, as the monopoly holder in supply market. If accountant profession objective is the responsibility itself, thus such objective achievement, namely, responsibility to profession and specific organization will of course support efforts in achieving such job satisfaction.

Unfortunately, effects of the commitment of accountant profession and organizational commitment have not provided an optimum effect on auditor's job satisfaction level. It can be seen from residual factors, such as factors accompanying to give effect on auditor's job satisfaction beside professional and organizational commitments studied in this research, has not yet deeply investigated. Those residual factors, for example, guessed as opportunity to involve in activity that fit with auditor interest, auditor involvement in decision making, trust on other auditor competence, control of conflict, and total space in taking works and activity, and opportunity for growth continuity.

4. Conclusion

Based on research and discussion findings, it can be drawn some conclusions, namely: (1) the commitment of accountant profession and the organizational PAFs commitment provide a positive and significant influence on Auditor's job satisfaction, both partially or simultaneously. (2) The commitment of accountant profession was examined from accountant obedience to profession standard, profession accountability, and ethics of profession; meanwhile, the organizational PAFs commitment was examined from affective, continuum, and normative dimensions. (3) Although there is effect of the commitment of accountant profession and the organizational PAFs commitment on Auditor's Job Satisfaction, but it has not shown an optimum figure because there are still some other factors that also affect such auditor's satisfaction.

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PRODUCT QUALITY AND PRICE PERCEPTION BUYING DECISION AGAINST SALONPAS PAIN RELIEF PATCH IN HYPERMART DAAN MOGOT WEST JAKARTA

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Abstract

In this research aims to analyze the influence of the quality product (X_1) and perceived price (X_2) on purchase decisions (Y) toward Salonpas Pain Relief Patch (Case Study in Hypermart Daan Mogot West Jakarta). The data used in this research is primary data obtained from the answers of the respondents who had bought and feel Salonpas Pain Relief Patch. The sampling technique used in this research was a non-probability sampling, whereas the sample collection method can be done by purposive sampling method and the method of determining the number of samples generated using the MOE formula of 100 respondents. Respondents in this study is that consumers are shopping in Hypermart Daan Mogot West Jakarta ever purchased and feel the Salonpas Pain Relief Patch. This research uses multiple linear regression method. Research results show that the quality of products (X_1) has a significant influence on purchasing decisions (Y), and price perception has a significant influence on purchasing decisions (Y), but it also results showed that the quality of products (X_1) and perceived price (X_2) jointly have a significant impact on the purchase decision.

Keywords: Quality of product, Price perceptions, Purchasing decisions

Abstrak

Dalam penelitian ini bertujuan untuk menganalisis pengaruh kualitas produk (X1) dan perceived price (X2) terhadap keputusan pembelian (Y) terhadap Salonpas Pain Relief Patch (Studi Kasus di Hypermart Daan Mogot Jakarta Barat). Data yang digunakan dalam penelitian ini adalah data primer yang diperoleh dari jawaban responden yang telah membeli dan merasakan Salonpas Pain Relief Patch. Teknik sampling yang digunakan dalam penelitian ini adalah non-probability sampling, sedangkan metode pengumpulan sampel dapat dilakukan dengan metode purposive sampling dan metode penentuan jumlah sampel yang dihasilkan dengan menggunakan rumus MOE dari 100 responden. Responden dalam penelitian ini adalah konsumen yang berbelanja di Hypermart Daan Mogot Jakarta Barat pernah membeli dan merasakan Salonpas Pain Relief Patch. Penelitian ini menggunakan metode regresi linier berganda. Hasil penelitian menunjukkan bahwa kualitas produk (X1) berpengaruh signifikan terhadap keputusan pembelian (Y), dan persepsi harga berpengaruh signifikan terhadap keputusan pembelian (Y), namun hasil tersebut juga menunjukkan bahwa kualitas produk (X1) dan Perceived price (X2) bersama-sama memiliki dampak signifikan terhadap keputusan pembelian.

Kata kunci: Kualitas produk, Persepsi harga, Keputusan pembelian

1. Research Background

The rise of the current business competition led consumers to be more selective about the products to be purchased, it is because of pharmaceutical products or OTC (Over the Counter)

offered by the manufacturer with good quality and varied products which will be considered by consumers before making a purchase.

The product quality is the most important factor in choosing product consumers to satisfy their needs and wants, so the company must determine consumer perceptions of effectiveness performance Salonpas Pain Relief Patch products because consumers can assess and feel firsthand how the quality of the product. Good quality in line with expectations, desires and needs of consumers can bring positive impact that affect the company.

One of the most important factors in addition to the quality of the products that consumers are interested to make a purchase decision is whether the price according to the purchasing power of the consumer or not. Consumers today are more prospective and selective against the price of a product. Where the price offered is relatively affordable and highly variable so that consumers can decide whether to buy or vice versa.

At this time, the health product is needed by consumers, many consumers are looking for products that can help relieve aches, bruises, sprains, dislocate, and pain in the body without having to massage and simply attached to the body only making it more efficient and practical. In this case concerns the field of pharmacy or OTC (Over the Counter), which form the body adhesive is often referred to Salonpas patches, but among adults and adolescents prefer aromatherapy oils or other rubbing oil as a medicine to relieve pain in the body or stiff.

Salonpas is a product produced by PT Hitsamitsu Pharma Indonesia in the field of pharmaceutical business enterprises, such as pharmaceuticals and medical equipment, sales of export and import. PT Hitsamitsu Pharma Indonesia offering products with the latest variant being intensively is Salonpas Pain Relief Patch which has advantages as well as the latest innovations in accordance with the price offered which has the form of a thin and flexible so it does not create irritation or itching of the skin, clinically tested worked up to eight (8) hours, similar to skin color, and the aroma is refreshing mint so as to provide freshness.

Table 1. Sales Report Salonpas Pain Relief Patch, Hypermart Daan Year 2011 to 2013 (in Rupiah)

Year	3 contents (in Rupiah)	5 contents (In Rupiah)	Total
2011	Rp. 3.870.700	0	Rp. 3.870.700
2012	Rp. 4.245.200	Rp. 197.100	Rp. 4.442.300
2013	Rp. 8.420.000	Rp. 3.631.000	Rp. 12.051.000

Source: Data Sales Salonpas Pain Relief Patch in West Jakarta Hypermart Daan Year 2011-2013 (accessed on 4 January 2014)

From the above data that the sales Salonpas Pain Relief Patch in West Jakarta Hypermart Daan showed that sales Salonpas Pain Relief Patch from year to year to experience positive growth, but in 2011, Salonpas Pain Relief Patch content of 5 (five) copies of the data are not yet available so the sales empty.

Salonpas Pain Relief Patch has the toughest rivals such as Panadol Muscle & Joint Pain (Pain Relief Patch) produced by PT the Zinc Pharmaceutical, Koyo Cabe produced by PT Indo Sari Makmur Abadi, and patches Elastoplast produced by PT Belersdorf Indonesia (BDF) which has issued an adhesive patch or similar body with Salonpas Pain Relief Patch. So, the title of this study can be drawn as follows influence perceptions of product quality and price on purchase decisions salonpas pain relief patch (case study on consumer Hypermart Daan West Jakarta).

1.1 Formulation of The Problem

Based on the background, and phenomena that exist, then that becomes the formulation of the problem in this study are as follows:

1. Is there an influence on purchasing decisions product quality Salonpas Pain Relief Patch?
2. Is there any effect of price perception on purchase decisions Salonpas Pain Relief Patch?

3. Is there any influence perceptions of product quality and price together on purchasing decisions Salonpas Pain Relief Patch?
4. How big is the most dominant influence the perception of product quality and price on purchase decisions Salonpas Pain Relief Patch?
5. How much influence the perception of product quality and price on purchase decisions Salonpas Pain Relief Patch?

1.2 Literature Review
1.2.1 Marketing

According to Philip Kotler and Keller (2009: 05), marketing is a social process in which individuals and groups obtain what they need and want by creating, offering, and freely exchanging products and services of value to others

1.2.2 Quality Products

American Society for Quality Control in Kotler and Keller (2009: 143) that the quality is the totality of features and characteristics of the products or services that depend on its ability to satisfy stated or implied needs.

Fandy Tjiptono (2008: 95), defines the product as a subjective understanding of the top manufacturers of something that could be offered as an attempt to achieve organizational goals through the fulfillment of the needs and desires of consumers, according to the competence and capacity of the organization as well as the purchasing power of the market.

Kotler and Armstrong (2008: 272), states that "The quality of products is characteristic of the products or services that depend on its ability to satisfy customer needs expressed or implied". When a product has been able to carry out its functions can be regarded as a product that has a good quality.

According to Garvin in Tjiptono Fandy (2008: 25-26), the dimensions of the quality of the product is comprised of performance, characteristics or additional privileges (feature), reliability, compliance with specifications (conformance to specifications), durability, serviceability, esthetics, perceived quality.

1.2.3 Perception Price

Philip Kotler and Keller (2009: 179), defined as the perception of the process used by the individual to choose, reorganizes, and interpret input information in order to create a world that has meaning.

According to Ferdinand (2006: 225), the price is one of the important variables in the marketing, which may affect consumer prices in the decision to buy a product, for various reasons. Economic reasons will show low prices or too competitive price is one important driver for improving marketing performance, but can show the psychological price reasons it is an indicator of the quality and because it was designed as an instrument of sales as well as a decisive instrument of competition.

1.2.4 Dimensions and Indicators Perception Price

According Ghanimata and Kamal in Andre Saputra Winata and Raymond Gienardy (2013: 531), the dimensions of the price and consists of:

1. Affordable whether or not the price, i.e. the price of the first aspect that needs to get the attention of businesses.
2. Correspondence between the price of the quality or taste, that price is always proportional to the quality, therefore, businesses must adjust the price of its products with the quality they have.
3. Competition price, i.e. the price that is competitive with competitors = existing competitors.
4. Correspondence between the price of the portion, i.e. the price of the product must also be adjusted by the amount or portion of the goods supplied to consumers.

According to Agus Irwanto Stanton *et al.,* (2001: 87), that there are four indicators that reflect the price is the price affordability, suitability price with quality products, price competitiveness, price Conformity with benefits.

1.2.5 Buying Decision

According to Engel, *et al.,* in Wahyudi Randang (2013: 705), that the purchasing decision process of formulating various alternatives in order to give preference to one particular alternative to make a purchase. One of the factors that can influence the purchasing decision is the satisfaction factor.

According to Philip Kotler and Kevin Lane Keller (2009: 185), the stages of the purchasing decision, namely the introduction of the problem, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

1.3 Hypothesis

The hypothesis used in this study are:

H_1: Allegedly there is positive and significant correlation between the quality of products on purchase decisions Salonpas Pain Relief Patch.

H_2: Allegedly there is positive and significant relationship between perceptions of price on purchase decisions Salonpas Pain Relief Patch.

H_3: Allegedly there is positive and significant relationship between product quality and price perceptions together on purchasing decisions Salonpas Pain Relief Patch.

H_4: Allegedly the most dominant influence product quality on purchasing decisions Salonpas Pain Relief Patch.

1.4 Think Framework
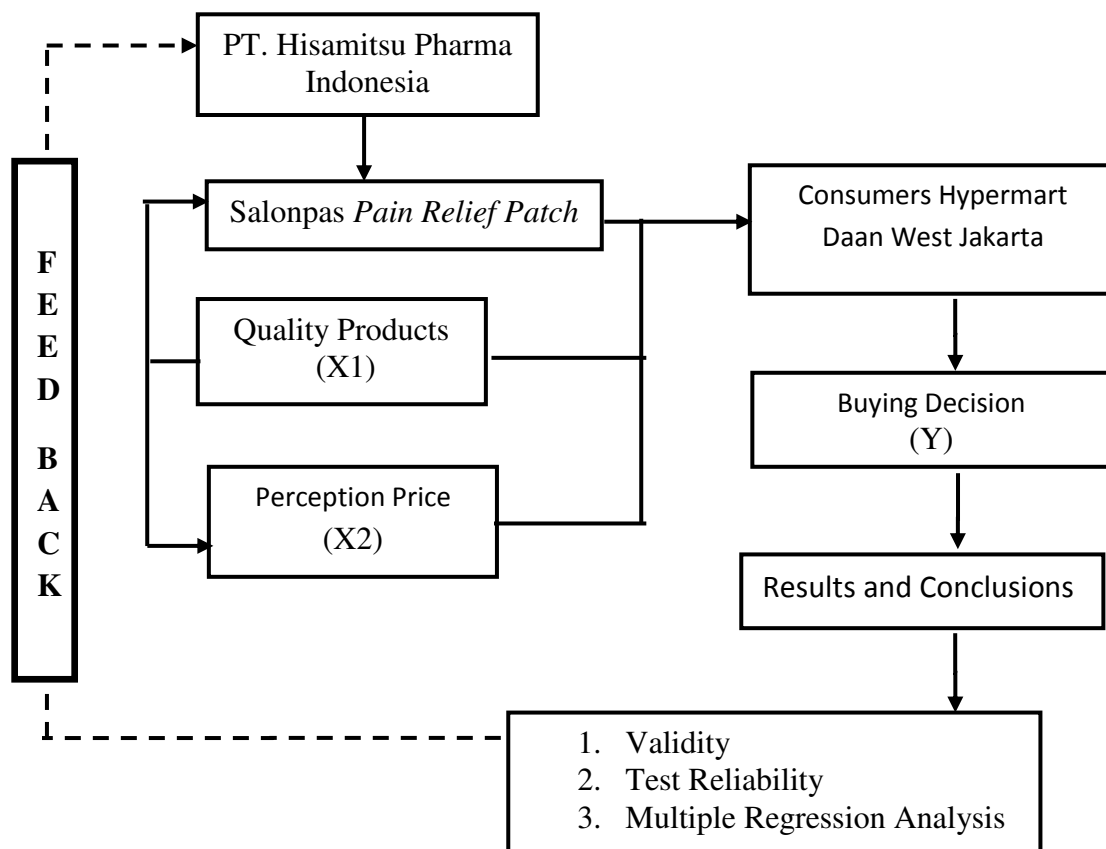
Figure 1. Framework
Source: The concept that was developed in this study, 2014

2. Research Methods
2.1 Data Types and Sources of Data
This study uses qualitative data were quantified, meaning qualitative data will be processed into SPSS and Microsoft Excel. Sources of data are primary data sourced from questionnaires directly to consumers who are shopping in Hypermart Daan ever bought and tasted Salonpas Pain Relief Patch, where the results and the data are collected and processed by the researcher.

2.2 Population and Sample
The population in this study is that consumers who are shopping in Hypermart Daan West Jakarta, while the total population used in this study is that consumers who ever bought and tasted Salonpas Pain Relief Patch in West Jakarta Hypermart Daan. According Widiyanto in Lidya Mongi *et al.,* (2013: 2339), because the number of large populations, and researchers may not learn all that there is in the population, due to limited funds, manpower and time, then the researcher can use the sample drawn from the population, therefore was to determine the number of samples to be used in research that is using an infinite formula as set forth below:

$$n = \frac{z^Z}{4\,moe^2} \longrightarrow n = \frac{(1,96)^2}{4(0,1)^2} = 96,04 \longrightarrow \text{in Round, so 100 Respondents}$$

Z   = Normal distribution rate at 5% significance level =
Moe   = The maximum error rate that can be tolerated or *(margin of error)*
N   = The amount of sample

The sampling technique used in this study is a non-probability sampling, whereas the sampling can be done by purposive sampling method.

2.3 Data Analysis Methods
2.3.1 Validity
According to Imam Ghozali (2012: 53), is used to measure the validity of the test is valid or not a questionnaire. A questionnaire as valid if a question or a statement on the questionnaire is able to express something that will be measured by the questionnaire.

The instrument is valid by comparing the value of the Product Moment Correlation (r-count) with the value of r table at level α = 5%, ie if the value of r-count> r-table (0.361) then said to be a valid instrument. Product Moment Correlation formula according to Husein Umar (2006: 111) are as follows:

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right]\left[(n\sum Y^2 - (\sum Y)^2)\right]}}$$

r   = The correlation coefficient
$\sum X$ = Score a total of items
$\sum Y$ = Score a total of items
n   = number of respondents

2.3.2 Test Reliability

Test reliability is a tool to measure a questionnaire which is an indicator of variables or constructs. A questionnaire said to be reliable or reliable if someone answers on the statement is consistent or stable over time.

According to Nunnally in Ghozali (2012: 47), researchers measured reliably a variable by looking Cronbach Alpha significance used is greater than 0.6. A construct or variable said to be reliable if the Cronbach Alpha value > 0.6.

Measurement instrument reliability using Cronbach Alpha, Husein Umar (2006: 125), with the formula:

$$r = \left(\frac{K}{K-1}\right) - \left(1 - \frac{\sum \sigma b^2}{\sigma^2}\right)$$

R   = The coefficient of reliability
K   = The number of the questions
σb^2 = Variance of the questions
σ^2 = Total variance item test scores

2.3.3 Regression Analysis

According Duwi Priyatno (2013: 47), multiple linear regression analysis was used to predict this analysis the dependent variable when the independent variable is raised or lowered. To perform forecasting equation then be made as follows:

$$Y = a + \beta_1 x_1 + \beta_2 x_2 + e$$

Y   = Purchasing Decisions (dependent variable predicted)
a   = constants
b_1 = Regression coefficient of product quality
x_1 = Product quality (independent variable)
b_2 = Regression coefficient of price perception
x_2 = Perception price (independent variable)
e   = *Standar error*

2.4 Hypothesis Testing
2.4.1 Test T

According Duwi Priyatno (2013: 50), t test to determine the effect of independent variables on the dependent variable partially, whether a significant effect or not.

2.4.2 Test F

Duwi Priyatno (2013: 48), that the F test or test regression coefficients simultaneously, is to determine the effect of simultaneous independent variables on the dependent variable, whether the impact is significant or not.

2.4.3 Analysis of Coefficient of Determination

Duwi Priyatno (2013: 56), stated that, the analysis of the coefficient of determination (R^2) is used to determine how much the percentage contribution of the influence of the independent variables simultaneously to varaiabel dependent.

From the Table, it can be seen Model Summary R^2 (Adjusted R Square) what percentage, resulting in a residual contribution of the effect of the results of R^2 (Adjusted R Square) which is another factor that is not examined.

3. Results and Discussion
3.1 Validity

Table 2. Test Validity Product Quality

Item Question	Sig.	r Table	*Pearson Correlation*/r Count	Output
Easy to Use	0,002	0,361	0,554	Valid
Portable	0,012	0,361	0,453	Valid
Always Innovating	0,002	0,361	0,530	Valid
Appropriate Quality Products	0,000	0,361	0,875	Valid
Health Standards Compliance	0,000	0,361	0,780	Valid
8 Hours Endurance	0,001	0,361	0,861	Valid
Stay Attached	0,001	0,361	0,782	Valid
color Products	0,003	0,361	0,420	Valid
color Packaging	0,003	0,361	0,460	Valid

Table 3. Test Validity Perception Price

Item Question	Sig.	r Tabel	*Pearson Correlation*/r Count	Output
Affordable Prices	0,000	0,361	0,812	Valid
Price accordance Benefits	0,000	0,361	0,876	Valid
Price Competitiveness	0,000	0,361	0,763	Valid

Table 4. Test Validity purchase decision

Item Question	Sig.	r Table	*Pearson Correlation*/r Count	Output
As per the Needs of Desire	0,000	0,361	0,867	Valid
Products Needed	0,000	0,361	0,855	Valid
Someone Information	0,006	0,361	0,455	Valid
Promotion information	0,000	0,361	0,424	Valid
Sure the Quality of Health	0,000	0,361	0,843	Valid
Sure Qualified	0,000	0,361	0,792	Valid
Famous Brand	0,000	0,361	0,737	Valid
Trusted Brand	0,000	0,361	0,774	Valid
Satisfied not Irritation	0,000	0,361	0,792	Valid
Evidently Satisfied	0,000	0,361	0,873	Valid

From the table above it can be concluded that all the questions variable product quality, price perception and purchasing decisions have r-count value is greater than r-table (0.361), so it can be said to be valid.

3.2 Test Reliability

Table 5. Test Reliability Statistics

Cronbach's Alpha	N of Items
0,949	22

All variables are product quality, price perception and purchasing decisions have a Cronbach's Alpha values> 0.60 were declared reliable high enough then the respondents qualified as research will be continued at a later stage.

3.3 Multiple Linear Regression Analysis

Table 6. Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,811	0,398		2,037	0,044
	Quality Product	0,607	0,095	0,432	6,363	0,000
	Perception Price	0,279	0,037	0,509	7,501	0,000

a. Dependent Variable: Buying Decision

Coefficients Based on the above table, it can be obtained by multiple linear regression equation as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$
$$Y = 0{,}811 + 0{,}607X_1 + 0{,}279X_2 + e$$

From the regression equation can be interpreted as follows:
1. The constant of 0.811 states that if there is no Quality Products (X_1) and Perception price (X_2) or assumed to be constant, then the amount of the purchase decision (Y) is equal to 0.811.
2. Regression coefficients product quality (X_1) of 0.607 states that the addition of one (1) unit of the variable quality of the product, it can lead to the addition or influence on purchasing decisions (Y) equal to 0.607.
3. Regression coefficients price perception (X_2) of 0.279 states that the addition of one (1) unit price perception variable, it can lead to the addition or influence on purchasing decisions (Y) equal to 0.279.
4. Based on the results of the analysis can be explained that the most dominant variable influence on purchase decisions (Y) is the variable quality of the product (X_2) which has a regression coefficient of 0.607

3.4 Hypothesis Test
3.4.1 Partial test (t test)
Test the significance of the variable quality of the product (X_1). The test results obtained with SPSS tcount 6.363> 1.98 t table and significance value of 0.000 <0.05 so it can be concluded that, Ha accepted and Ho rejected, which means partial variable product quality (X_1) has a positive and significant impact on purchasing decisions (Y) Salonpas Pain Relief patch at Hypermart Daan West Jakarta.

Test the significance of price perception variable (X_2). The test results obtained with SPSS tcount 7.501> 1.98 t table and significance value of 0.000 <0.05 so it can be concluded that, Ha accepted and Ho rejected
3.4.2 Simultaneous Test (test f)

Table 5. Test Results f
ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	41,097	2	20,548	108,261	0,000[b]
1	Residual	18,411	97	0,190		
	Total	59,508	99			

a. Dependent Variable: Buying Decision

b. Predictors: (Constant), Perceptions of Price, Quality Products

Statistical calculation results show the value of F count of 16.357 with a significance of 0.000 <0.05. This means that together perceptions of product quality and price has a positive and significant influence on purchasing decisions Salonpas Pain Relief Patch in West Jakarta Hypermart Daan.

3.4.3 The coefficient of determination (R^2)

Table 6. Coefficient of Determination (R^2)

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,831[a]	,691	,684	,43566

a. Predictors: (Constant), Perceptions of Price, Quality Products

Source : (Primary data that have been processed, 2014)

From the above data shows that the obtained value of Adjusted R Square (R^2) of 0.684 which means that 68.4% of purchase decision variables explained by the variable quality of the product and price perception, while the remaining 31.6% were obtained from (100% - 68.4 % = 31.6%) is influenced by other variables outside the variable used as, a variable location, or place, promotion, brand image, product differentiation, and others.

3.5 Discussion
3.5.1 Influence Purchasing Decisions Against Product Quality

Positive and significant influence on product quality variable on purchase decisions Salonpas Pain Relief Patch, Hypermart Daan. Thus, a quality product that consumers will remain willing to buy products Salonpas Pain Relief Patch. This supports previous research conducted by Wahyudi Randang (2013) with the title of the product quality, product attributes and brand equity influence on purchasing decisions Bimoli cooking oil.

3.5.2 Perceptions Influence Purchasing Decisions Against Price

Positive and significant influence on the perception variable price on purchase decisions Salonpas Pain Relief Patch, Hypermart Daan. Thus, the price is relatively more expensive but very high-quality products compared to competitors' products, consumers will still be willing to buy products Salonpas Pain Relief Patch. This supports previous research conducted by Lidya Mongi, Lisbeth Mananeke, and Agusta Repi (2013) entitled quality products, promotion and pricing strategies influence on purchasing decisions sympathy card Telkomsel in Manado city.

3.5.3 Effect of Product Quality and Price Perception Decision Against purchases

Positive and significant effect on the variable product quality and price perceptions together on purchasing decisions Salonpas Pain Relief Patch, Hypermart Daan. This supports previous research conducted by Alferd Owusu (2013) entitled influences of price and quality on consumer purchase of a mobile phone in the kumasi metropolis in Ghana a comparative study shows that the price and quality has influence on the consumer buying decision.

3.5.4 How Much Most Dominant Influence of Product Quality and Price Perception Against Purchase Decision

The most dominant influence is the quality of the product, because consumers see quality products because the quality of the products Salonpas Pain Relief Patch is better than other similar products. This supports previous research conducted by Yudhi Soewito the title product quality, brand, and design influence on purchasing decisions motorcycles yamaha mio consumers in the district Singkil.

4. Conclusion

Based on the analysis and discussion, it can be concluded as follows:

1. The results showed that the partial product quality (X_1) has a significant influence on purchasing decisions (Y) Salonpas Pain Relief Patch in West Jakarta Hypermart Daan.
2. The results showed that the perception of the price (X_2) has a significant influence on purchasing decisions (Y) Salonpas Pain Relief Patch in West Jakarta Hypermart Daan.
3. The results showed that the quality of the product (X_1) and the perception of the price (X_2) has a significant influence on purchasing decisions (Y) Salonpas Pain Relief Patch in West Jakarta Hypermart Daan.
4. Based on the analysis results can be explained that the most dominant variable influence on purchase decisions (Y) is the variable quality of the product quality of the product (X_1) which has a regression coefficient of 0.607.
5. Coefficient of determination or Adjusted R Square (R^2) indicates that the independent variable is the quality of the product (X_1) and the perception of the price (X_2) gives kontiribusi influence the dependent variable is the purchase decision (Y) which is derived from the value of Adjusted R Square (R^2) of 0.684 which means that 68.4% of purchase decision variables explained by the variable quality of the product and price perception, while the remaining 31.6% were obtained from (100% - 68.4% = 31.6%) is influenced by other variables outside the variable used as, a variable location, or place, promotion, brand image, product differentiation, and others.

4.1 Suggestion

Based on the analysis of the conclusions of this research, there are some suggestions as follows:

1. Advice from the author to the PT Hisamitsu Pharma Indonesia
   a. Product quality and product benefits Salonpas Pain Relief Patch needs to be increased again because the quality is not comparable to the price offered and not in accordance with customer expectations.
   b. The price offered Salonpas Pain Relief Patch less affordable for consumers Hypermart Daan lower classes and the medium, the need for a price adjustment or sale discount or down in price as well as gifts that will tantalize consumers.
2. Feedback from the authors to further research
   a. In this study focused only on the variable product quality and price perception on purchase decisions. It is recommended to add another variable, using a larger population, and using different analysis tools.
   b. Suggestions of researchers are in a questionnaire study must consider grammar based on theory and research indicators to avoid double understanding.

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THE FACTORS THAT AFFECTING FINANCIAL PERFORMANCE IN BANK

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Abstract
The important of strong and healthy banking sector is really needed for economical development continuance in Indonesia which of course begins from districts to central. This condition encourages the parties involved in it to do appraisal on bank financial performance. This research is done to 10 Bank Perkreditan Rakyat in Southeast Sulawesi with the aims for knowing and analyzing the effect of CAR, LDR, BOPO and PPAP on Bank Perkreditan Rakyat financial performace (ROA) in Southeast Sulawesi. This research result shows that the improvement of CAR and BOPO will push the reduction of ROA, meanwhile LDR is not proven able to increase ROA even tended to become the cause of enhancement of ROA. Meanwhile increase of PPAP is proven to boost of ROA.

Keywords: CAR, LDR, BOPO, PPAP, ROA

Abstrak
Pentingnya sektor perbankan yang kuat dan sehat sangat dibutuhkan untuk kelanjutan pembangunan ekonomi di Indonesia yang tentu saja dimulai dari kabupaten sampai pusat. Kondisi ini mendorong pihak-pihak yang terlibat di dalamnya untuk melakukan penilaian terhadap kinerja keuangan bank. Penelitian ini dilakukan terhadap 10 Bank Perkreditan Rakyat di Sulawesi Tenggara dengan tujuan untuk mengetahui dan menganalisis pengaruh CAR, LDR, BOPO dan PPAP terhadap Kinerja Keuangan Bank Perkreditan Rakyat (ROA) di Sulawesi Tenggara. Hasil penelitian ini menunjukkan bahwa peningkatan CAR dan BOPO akan mendorong penurunan ROA, sedangkan LDR yang tidak terbukti mampu meningkatkan ROA bahkan cenderung menjadi penyebab peningkatan ROA. Sementara kenaikan PPAP terbukti bisa mendorong ROA.

Kata kunci: CAR, LDR, BOPO, PPAP, ROA

1. Research Background

The existence of financial intermediatery institution which is banking is very important within modern economic system. As the intermediatery institution, banking has to have good performance, because with the good performance bank will be easier to gain trust from customers (agent of trust). Banking as bussines entity in finance sector really needs that trust from the customer in order to support and accelerate activities that are done. The smoothness of the activity that is done by bank will be very supportive in reaching welfare of stakeholders and will increase the company value.

Banking sector role is very important to economic because banking service very helpful in pushing the investment and development. Based on operational performance, bank's role for

Indonesia is very big. It can be seen form the main function of bank that has been established by the government in UU No. 7 year 1992 and has been changed with UU No. 10 year 1998 about banking, providing a more efficient mechanism and payment tool in economic activity, raising fund and distribute it to community and offering financial services such as remittance, money safe storage, and even means of payment or billing.

Because of the importance of banking, a strong and healthy banking is really needed for the economic development continuance in Indonesia which of course begins with the district up to central. This banking condition encourages the parties involved in it to do appraisal on bank health. One of the party that needs to know the performance of a bank is stockholder, because the better performance of a bank, the bigger security of invested fund. Bank financial performance can be found out by using financial ratios. This thing is in accordance with the statement of Muljono (1999) that the comparation in form of ratio produces the number that is more objective, because the performance measurement can be more compared with other banks or previous periodes.

To evaluate financial and performance condition of certain company, financial analysis needs certain standard. The standard that used is ratio that connected between some financial data. According to Kuncoro and Suhardjono (2002) one of the ratio that used to measure and compare bank profitability performance is Return on Asset (ROA). Return on Asset (ROA) shows the ability of bank management in producing income form asset management that they have.

Accoridng to Sawir (2005) profitability ratio aims to know the bank ability in generate profit during certain periode, also aims to measure the management effectivity level in running several incomes. Return on Asset indicates the bank ability to generate income by using its asset, the bigger this ratio indicates the better performance of this bank.

Return on Asset (ROA) choosen as bank financial performance measurement indicator in this research because the more increase the ROA, the more increase company probability also, so that it can be said that bank financial performance is as successful as desired and goal of the stockholder and company which is profitability enhancement. ROA is used to measure company effectivity in showing profit by utilizing the asset that it has. ROA is the ratio between profits before tax on total asset. The bigger ROA shows the better financial performance. If ROA increasing, that means company profitability increase more, so that the last effect is the increasing of profitability that enjoyed by stockholder.

Some factors that has effect on bank performance are CAR, BOPO, and LDR (Kartika and Muhamad Syaichu, 2006; Julita, 2011; Muh Sabir *et al.*, 2012; Tryo and Chabachib, 2012; Kadek and I Made, 2013; Luh Eprima Dewi *et al.*, 2015).

Some previous researchs that have tried to reveale the connection between BOPO, CAR, and market share is Bambang Sudiyatno and Suroso (2010), tested the effect of BOPO and CAR on financial performance on banking sector. Research result shows CAR has positive and significant effect on ROA, meanwhile BOPO has negative and significant on ROA. Kartika and Muhammad Syaicu (2006) analyzed the effect of CAR, LDR, and BOPO on ROA. Research result shows that CAR, LDR, and BOPO variables has significant effect on ROA, meanwhile BOPO has negative effect on ROA.

Based on empirical search and study form some research results above, the effect of CAR, LDR, and BOPO effect on bank financial performance (ROA) is still showing different results, so that the advanced research is still needed.

As for the researcher motivation to do the research about factors that affecting bank financial performance beside the unconsistency of previous research finding, it is also because the researcher wants to continue the research result of Kartika and mUhammad Syaicu (2006) that suggested to input new independen variable which is PPAP (elimination and abolition productive asset) in the models they conscientious.

This research is done to all Bank Perkreditan Rakyat in Southeast Sulawesi with the consideration that economic growth in Southeast Sulawesi now is very developing and of course that things cannot be separated from banking role and support sector, but Southeast Sulawesiis one of many places that is still developing, whereas ins some district's areas have not yet become strategic places for marketing to almost all part of commercial bank that exist. But the lack of genral bank role in encouraging investmen in district, since 2011 has been placed by the establishment some BPR in districts that exist in SOutheas Sulawesi by Southeast Sulawesi Governor which is BPR Bahtera Msas in order to support and push the economic growth and investment in district.

Because of that, based on the background and suggestion for Kartika and Muhammad Syaicu (2006) research, also phenomenon that exist, the researcher interesting to do the research with the title of "Factors That Affecting Bank Perkreditan Rakyat Financial Performance in Southeast Sulawesi".

1.1 Literature Review

1.1.1 CAR, LDR, BOPO and PPAP Effect on ROA

Based on theoretical and empirical study about factors that affecting bank performance above, so the hypothesis that proposed is

H_1: CAR, LDR, BOPO and PPAP has significant effect on ROA

1.1.2 CAR Effect on ROA

CAR is the financial ratio that is related to with banking capital whereas the amount of capital of a bank will affect to able or no a bank to run the activity efficiently. If the capital that the bank has is able to absorb the losses which are undeniable, it means that the bank manages the activity efficiently, so that the bank wealth is expected to increase as well as the opposite (Muljono). The more efficient ban capital that is used to operational activity makes the bank able to increase the profit (Kartika and Muhammad Syaichu, 2006). Therefore, CAR has effect on bank performance.

Some results show that CAR has positive and significant effect on ROA (Kartika nad Muhammad Syaichu, 2006; Bambang Sudiyatno and Suroso, 2010; Bambang SUdiyatno and Rini Setiyowati, 2012). Refer to those research results so the hypotheis that proposed in this research is

H_2: CAR has positive and significant effect on ROA

1.1.3 LDR Effect on ROA

Increasing of LDR means that capital distribution to loan is getting bigger so the profit will increase. This profit increasing causes bank performance which is measured by ROA is getting higher. The good LDR standard is between 85% up to 110%. Because of that management must able to manage the profit that raised form he community in order to redistribute in the form of loan.

That theorical logic is supported by the research result of Basran Desfian (2005) that stated LDR variable partially has positive effect on ROA. This means that the higher LDR up to certain limit will be more capital distributed in form of loan so it will increase the interest income therefore ROA is getting higher. BAsran Desfian (2005) stated that in accordance with the theory which is LDR enhancement is caused by enhancement in loan giving or capital raising by community whereas this thing can affect bank liquidity that affects on people's trust level.

Referring to that study, therefore hypothesis that is proposed in this research about the LDR effect on bank performance which is measured by ROA is

H_3: LDR ha spositive and significant effect on ROA

1.1.4 BOPO Effect on ROA

According to Bank of Indonesia provision, operating expenses per operational earning (BOPO) is the comparison between total operational spending with the operational earnings. Operational efficiency is done by bank in the effort to know whether during the bank, in their

operation that is related to bank primary bussines is done correctly (in accordance with management and stockholder sides) also used for showing whether the bank has used all production factor with appropriate and effective (Mawardi, 2005). Therefore, operational efficiency of a certain bank that is projected with BOPO ratio will affecting the bank performance.

Some research results show that BOPO has negative and significant effect on ROA (Agus Suyono, 2005; Basran Desfian, 2005; Wisnu Mawardi, 2005). Referring to those research results, therefore hypothesis that proposed in this research is

H_4 : BOPO has negative and significant effect on ROA

1.1.5 PPAP Effect on ROA

PPAP compliance ratio shows the bank management ability in determining the amount of PPAP that has formed based on PPAP that must be formed. The higher this ratio the smaller possibility that the bank in problematic condition, it is because the higher PPAP that has been formed based on PPAP that must be formed. PPAP counting that has been formed is according to the provisions of the applicable asset quality product.

Hyposthesis that proposed in this research is about PPAP compliance effect on bank performance that measured with ROA is

H_5: PPAP compliance has negative and significant effect on ROA

2. Research Method

This research uses explanatory research approach which means to gives explanation about causal coneection between variables through hypothesis testing or aims to empirically proof CAR, LDR, BOPO, an PPAP effect on financial performance (ROA) of Bank BPR in Southeast Sulawesi.

This research uses explanatory research approach which is meant to give explanation of causal relationship between variables through hypothesis testing or aim to prove empirically influence influence of CAR, LDR, BOPO and PPAP to financial performance (ROA) of BPR Bank in Southeast Sulawesi.

Data used in this research is the banks BPR in Southeast Sulawesi financial report of Desember 2013 – 2015 that has been audited and then published by Bank of Indonesia. Data analysis is done by using multiple linear regressions.

3. Result and Discussion

3.1 Research Result

The multiple linear regressions measurement analysis result summary in this research can be seen in Table 1. It is noted that regression equation that produced in this research is as follows:

$$Y = -0{,}212\ X_1 - 0{,}004\ X_2 - 0{,}644\ X_3 + 0{,}295\ X_4$$

Referring to Table 1 and equation above, can be interpreted as follows:

1. Constant (a) is positively shows that there is effect from another variable outside of variables that is studied in this research
2. Regression coefficient value for CAR (X_1) variable of -0,212 shows that there is negative effect form CAR (X_1) variable on ROA (Y) variable. This result shows the increasing of CAR will be followed by decreasing of ROA in bank in Southeast Sulawesi area
3. Regression coefficient value for LDR (X_2) variable of -0,004 shows there is negative effect from LDR (X_2) variable on ROA (Y) variable. This thing shows the increasing of LDR will be followed by decreasing of ROA in bank in Southeast Sulawesi area

4. Regression coefficient value for BOPO (X_3) of -0,644 shows there is positive effect from BOPO (X_3) variable on ROA (Y) variable. This thing shows the increasing of BOPO will be followed by increasing of ROA in bank in Southeast Sulawesi area
5. Regression coefficient value for PPAP (X_4) of 0,295 shows there is positive effect from PPAP (X_4) variable on ROA (Y) variable. This thing shows the increasing of PPAP will be followed by increasing of ROA in bank in Southeast Sulawesi area.

Table 1. Result Analysis CoefficientValue

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	14.513	2.698		5.380	0.000
	Capital Adequacy Ratio	-0.281	0.104	-.0212	-2.697	0.012
	Loan to Deposit Ratio	0.000	0.013	-0.004	-.0057	0.955
	Operating Expenses and Operating Income	-0.119	0.023	-0.644	-5.205	0.000
	Allowance and Removal of Productive Assets	0.024	0.010	0.295	2.334	0.028

Dependent Variable: Return on Assets

Correlation between ROA, LDR, BOPO, and PPAP variables with ROA are known from multiple R value. Meanwhile the five independent variables contribution values on dependent variables are know form R-square value, as how it seems in Table 2 as follows:

Table 2. Multiple R, R-Squarem dan Standar Error Value

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.928[a]	0.861	0.839	0.56824

a. Predictors: (Constant), Productive Asset Allowance and Removal, Loan to Deposit Ratio, Capital Adequacy Ratio, Operational Spending and Earning

b. Dependent Variable: Return on Assets

Multiple R value of 0,928 or 92,8 percent shows that the correlation between CAR, LDR, BOPO, and PPAP variables with ROA are very strong, this thing caused by multiple R value which is close to 1 or more than 0,50. Then determinant coefficient (R^2) value of 0,861 shows that 86,1 percent of ROA dpendent variable enlighten or explained by independent variables: CAR, LDR, BOPO, PPAP. Meanwhile the other 0,139 or 13,9 percent explained by another variable that is not included to the model.

3.2 Research Hypothesis Testing
3.2.1 Hypothesis Testing
Simultanously hypothesis testing can be tested based on F count value or probability (Sig). F is as seen in Table 3. as follows:

Table 3. F count and F Probability (Sig.) Value

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.926	4	12.481	38.655	0.000[a]
	Residual	8.072	25	0.323		
	Total	57.998	29			

a. Predictors: (Constant), Productive Asset Allowance and Removal, Loan to Deposit Ratio, Capital Adequacy Ratio, Operational Spending and Earning

b. Dependent Variable: Return on Assets

Hypothesis 1: CAR, LDR, BOPO and PPAP effect on ROA

Test result shows that F count value that is produced is 38.655 with the probability (sig.) level of 0,000. Probability (Sig.) level that is produced is lower than level of significant (α) that is established which is 0,05. This result shows that CAR, LDR, BOPO, and PPAP simultaneously have significant effect on ROA. Therefore, hypothesis 1 research that stated CAR, LDR, BOPO, and PPAP simultaneously have positive and significant value on ROA of bank BPR in Southeast Sulawesi can be accepted.

Based on that thing, it can be explained that the increasing of CAR, LDR, BOPO, and PPAP simultaneously will increase ROA of Bank BPR in Southeast Sulawesi.

3.2.1.2 Partial Hypothesis Test

T statistic test used in order to test the significant level partially between Independent (X) and dependent (Y) variable. This t test is used to know the predicition and regression coefficient accuracy that obtained, the higher t test value and the lower significance value, it means that the more accurate specified prediction accuracy in regression model.

Hypothesis 2: CAR has positive and significant effect on ROA

Test result shows that t count value for CAR variable is 2,697 with its regression coefficient of -0,212 and probability (sig.) value of 0,012. Probability value produced is smaller than level of significant (α) value determined which is 0,05. This result shows that hypothesis that stated CAR variable has positive and significant effect on ROA of bank BPR in Southeast Sulawesi is not proven (rejected). Based on that thing, therefore this finding can be explained that CAR will reduce ROA of bank BPR in South east Sulawesi.

Hypothesis 3: LDR has positive and significant effect on ROA

Test result shows that t count value for LDR variable is -0,057 with regression coefficient value of - 0,004 and probability (sig.) value of 0,955. Probability value produced is bigger than level of significant (α) value determined which is 0,05. This result shows that hypothesis that stated LDR variable has positive and significant effect on ROA of bank BPR in Southeast Sulawesi is not proven (rejected). Based on that thing, therefore this finding can be explained that LDR will reduce ROA of bank BPR in South east Sulawesi.

Hypothesis 4: BOPO has negative and significant effect ROA

Test result shows that t count value for BOPO variable is – 5,205 with regression coefficient value of - 0,644 and probability (sig.) value of 0,000. Probability value produced is smaller than level of significant (α) value determined which is 0,05. This result shows that hypothesis that stated BOPO variable has negative and significant effect on ROA of bank BPR in Southeast Sulawesi is accepted. Based on that thing, therefore this finding can be interpreted that reducing BOPO will push the increasing of ROA of bank BPR in South east Sulawesi.

Hypothesis 5: PPAP has negative and significant effect on ROA

Test result shows that t count value for PPAP variable is 2,334 with regression coefficient value of - 0,295 and probability (sig.) value of 0,028. Probability value produced is smaller than level of significant (α) value determined which is 0,05. This result shows that hypothesis

that stated PPAP variable has negative and significant effect on ROA of bank BPR in Southeast Sulawesi can be accepted. Based on that thing, therefore this finding can be interpreted that the higher PPAP will reduce ROA of bank BPR in South east Sulawesi.

4. Conclusion

Based on the multiple regression analysis result that has been done in order to know CAR, LDR, BOPO, and PPAP effect on ROA of bank BPR in Southeast Sulawesi whether simultaneously or partially, 3 (three) hypotheses gained to be proposed are accepted. The discussion of CAR, LDR, BOPO, and PPAP effect on ROA of bank BPR in Southeast Sulawesi test result can be outlined as follows:

4.1 CAR, LDR, BOPO, and PPAP effect on ROA

One of the standards to see the banking performance according to MUdrajat Kuncoro and Suhardjono (2002) is through Return on Assets (ROA). Return on Assets (ROA) used as the standard financial performance standard and made as the dependent variable because ROA is used to measure company effectivity in profit by using asset that it has.

Some factors that have effect on bank performance (ROA) are CAR, BOPO, LDR, and PPAP (Kartika and Muhamad Syaichu, 2006; Julita, 2011; Muh Sabir *et al*., 2012; Tryo and Chabachib, 2012; Kadek and I Made, 2013; Benny Nurzikri Rahim (2014); Luh Eprima Dewi *et al*., 2015)

This research finding proof that CAR, LDR, BOPO, and PPAP is simultaneously or together can increase ROA of bank BPR in Southeast Sulawesi. Finding of this research expand the finding evidence of Kartika and Muhammad Syaichu (2006) research and also Luh Eprima *et al.,* (2015) that show CAR, LDR, BOPO, PPAP can increase ROA simultaneously.

This research finding also support Listyorini Wahyu Widati (2012) finding that stated CAR, LDR, DER, BOPO, and PPAP are importamnt determinat in increasing ROA

4.2 CAR Effect on ROA

Capital ratio that normally used to measure the bank health is Capital Adequacy Ratio (CAR). CAR measured from ratio between capitals on Weighted Asset According to Risk (ATMR). With the increasing of capital, therefore bank health that is related with capital ratio (CAR) is increasing and with the large capital, therefore the chance to gain company profit also getting higher (Masyhud, 2004)

Conceptually, CAR that is too big also needs to be consideration of bank management, because that thing indicates that bank's own capital is not operationalized optimally so that bank expense increases by bear the large capital cost (Masyhud, 2004).

This research result shows that CAR has negative and significant effect, this finding is in accordance with Masyud (2004) opinion that stated the bigger CAR also affecting of the bigger capital cost expense that has to borne by bank so that it is affecting to the decreasing of bank financial performance.

In running its unction, bank also has to take care of its capital adequacy ratio or CAR (article 29, paragraph 2, Laws of Republic Indonesia No. 10 year 1998). Capital is also important aspect to rate bank health because it is related to bank solvency. CAR msut be reached by commercial bank determined as 8%, whereas determination of amount of CAR must be obeyed by all commercial bank. This thing is intended to increase the discipline and professionalism for every commercial bank to manage all their assets that they have to receive profit for bank.

Capital used to rate how big bank capability to bear the risks that may happen. Bank that has high level of risk will be more solvable. Vice versa bank that has small risk identify that the bank is less solvable. The high level of capital will increase cash reverse that can be used to expand the loan, so that high level of solvency will open bigger opportunity for bank in order to raise their profitability level. In the opposite, bank that has low level of solvency will reduce

bank ability to raise its profitability level, it can even reduce community trust, so that it will be a bad effect to its bussines continuance. Based on the variable description table, it shows that average CAR of bank BPR in Southeast Sulawesi is 37,20, this mean that it is > 8%, above standard determined, so that bank is in the high solvency state, but this condition also shows that bank has to really carefull in managing its capital adequacy ratio so its profitability decreases.

This research result supports Kadek and I Made (2013) and Sparta (2013) research results that show CAR has negative and significant effect on ROA by stating the bigger capital adequacy ration of a bank can decrease that bank profitability because bank always try to optimizing capital that it has to win the competiton. That effort can be shown by the increasing of banking company size in Indonesia from year to year. In order for optimizing capital that the bank has, it will push the capital raising increasing form community through many kinds of promotional program, raising interest rate funds and also decreasing interest rate loans up to near the point of base of lending rate of the bank. Beside that thing, central bank policy in Basel agreement causes banking capitalization getting higher so that in the end it pushes the decreasing of banking spread.

This research result is not in accordance with Julita (2011) and Clorinda Karunia (2013) research result which stated that CAR has no effect to ROA. This research result also does not support Listyorini Wahyu Widati (2012) research result finding which stated that CAR has positive and significant effect on ROA.

4.3 LDR Effect on ROA

Basran Desfian (2005) stated that LDR variable partially has positive effect on ROA. This means that the higher LDR up until certain limit, there will be more fund that distributed in the form of loan in which will increase the interest income so that ROA is getting higher. Basran Defian (2005) stated that in accordance with the theory of increasing of LDR caused by increasing in loan given or fund raising by community whereas this thing can affect bank liquidity that affecting on community trust level.

The research result shows that LDR has insignificant negative effect, this research finding shows that increasing of LDR is affecting in the decreasing of ROA. LDR used to measure how far the ability of bank to pay all of the community funds and own capital by rely on loan that has been distributed to community. In the other words, bank is able to meet its short-term obligation such as repay the disbursement of funds depositors when it is billed and also able to meet the loan demand that proposed. This thing shows the higher the ratio, it gives indication that the lower bank liquidity ability. This thing caused by some amount of funds which is needed to pay the loan is getting bigger, and it is affecting to the decreasing of bank ability in generate income whereas in the end implicates in decreasing of ROA.

Based on description variable table shows that average LDR of BPR in Southeast Sulawesi is in 94,51, this thing shows that LDR standard is still in good position because it still in the good LDR standard which is 85% up to 110%. This research finding shows that each LDR of bank is quite good, but total asset that own by each BPR that used for generate profit is not worth it so that average ROA of BPR in Southeast Sulawesi tend to be small.

This research result shows that LDR has negative and insignificant effect on ROA, this research finding does not support the research result of Listyorini Wahyu Widati (2012) and Luh Eprima Dewi *et al.,* (2015) that show LDR has positive and significant effect on ROA by stated that the larger fund that raised from the community distributed in the exact form of loan will be a higher bank earnings which means the higher potential to reach ROA.

4.4 BOPO Effect on ROA of bank BPR in Southeast Sulawesi

BOPO is the ratiop between operational spending on operational earning. BOPO also show bank effectivity, the smaller BOPO show the more effective the bank in running its bussines activity. BOPO ratio also shows bank effectivity in running its primary bussines

mainly loan based on amounts of funds that is raised. In fund raising especially community funds (third party fund) it is needed another cost beside interest costs (including advertisement costs).

A healthy bank, the BOPO ratio is less than 1, in the opposite, unhealthy bank (including BBO and Take over), its BOPO ratio is more than 1. That thing is because operational costs is the costs that spend by bank in the mean to run the primary bussines activity (such as interest costs, employee costs, marketing costs, and another operational costs). Meanwhile operational earning is the primary earning of bank which is interest that generates from fund allocation in form of loans and another operational cost (Muljono, 1999)

This research result shows that BOPO has negative and significant effect on ROA. This research finding supports Kartika and Muhamad Syaichu (2006), Kadek and I Made (2013), Sparta (2013), Luh Eprima Dewi *et al.,* (2015) research result that shows the bigger BOPO ratio of a bank means the bigger the cost per one-unit revenue. So that the bigger BOPO of a bank shows the more inefficient the ban is, whereas in the end it will cause the smaller ROA that the bank has.

Based on description variable table shows that average BOPO BPR in Southeast Sulawesi is very big which is 80,21, this result can be explained that banks BPR in Southeast Sulawesi genrally inefficient in running their bussines operation and the tendency affecting the lower ROA BPR in Southeast Sulawesi.

This research finding is not in accordance with the research that done by Listyorini Wahyu WIdati (2012) that finds BOPO has positive value but not as significant on ROA by stating that operational cost control must be noted energetically by management in order to generate maximum profit so it can increase bank performance to generate profit.

4.5 PPAP Effect on ROA Bank BPR di Southeast Sulawesi

Productive Asset Elimination Allowance (PPAP) is the reserve that has to be formed as big as certain percentage in debit balance based on classification of earning assets. In accordance with the Laws of Bank of Indonesia No.8/19/PBI/2006 about classification of earning assets and Formation of Allowance for Earning Assets of Bank Perkreditan Rakyat, compulsory to form PPAP in form of general PPAP and special PPAP

PPAP compliance ratio shows bank management ability in determining amount of PPAP that has been formed based on compulsory PPAP. The bigger this ratio, therefore the probability of a bank in problematic state is smaller because the bigger that has been formed based on compulsory PPAP. PPAP counting that has been formed based on the productive asset quality provision.

This research result finds that PPAP has negative and significan effect on ROA, this finding shows that the bigger PPAP will make banks BPR performance and potential decrease in terms of generate profit. This thing can be explained that the thing is done by banks BPR with the aimes of reducing the possibility of the bank to face any troublesome condition.

This research finding also can be explained by referring to description variable Table 5.2 that shows average value of PPAP Bank BPR in Southeast Sulawesi which is pretty high opf 35,33, this thing shows that BPR in Southeast Sulawesi pretty much careful in running their bussines operation by forming productive asset reserve that has preety high accelerate quality to anticipate bad loan or problematic. But that thing implicates in the amount of asset cost that has to borne by bank and at the end decreasing the bank potential to generate profit (ROA).

This research result expands the proof of Benny Nurzikri Rahim (2014) research finding that PPAP is defining factor that important for ROA. But this research result is not in the same way like Listyorini Wahyu Widati (2012) research result finds that PPAP has positive but insignificant by saying that banking company eventhough has formed productive asset elimination allowance with the rules from Bank of Indonesia but in the operation there is still substandard or bad loans but by the formation of PPAP, therefore operational loan becomes

distributed loan will be accelerate so that earning/return that generated by bank is still exist.

This research has been done by the optimum effort but of course the expected result to get closer to perfection is yet to be accomplished, because of that this research still has some limittations as follows:

1. Bank Perkreditan Rakyat sample that is used in this research is relatively small (only 10 banks), because of the sample taken in Bank Perkreditan Rakyat in Southeast Sulawesi
2. Observation periode that is used in this research is relatively short which is 2013 – 2015.

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